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Action against Fraud: Government Response to Lord Roskill's Report

In response to Lord Roskill's Report on Fraud Trials which was published in January (see pp 35-6), the Government has announced a wide range of measures to improve the investigation and successful prosecution of fraud. In addition to accepting the Roskill Committee's recommendation that peremptory challenge of jurors should be abolished, the Government proposes to establish a Serious Fraud Office to collaborate with the police in investigating and prosecuting major fraud; and to make changes in the law of evidence to relax restrictions on the use of documents and to facilitate the taking and admitting of foreign evidence. Where legislation is necessary to give effect to these proposals, provision will be made in the forthcoming Criminal Justice Bill (see p 109).

Commenting on the proposals on 2 October, the Home Secretary, Mr Douglas Hurd, said that this very positive response to the Roskill report should be seen as part of the Government's strategy for combating fraud and safeguarding the probity of Britain's financial institutions. The strengthened investigative and court powers in the Companies Acts 1980 and 1981, changes in the Insolvency Act 1985 (see pp 160-2), and the new regulatory framework in the Financial Services Bill (see pp 51-4), the Building Societies Act (see pp 12-14, 164 and 236) and the proposed banking legislation (see pp 11-12) were all part of the same picture. Fraud could do great damage not only to its victims, but also to confidence in the commercial and financial institutions which were vital to the country's future. The new Serious Fraud Office and the substantial improvements proposed in law and court procedure were evidence of the Government's full-hearted commitment to stern action against fraud.

The Proposals

Serious Fraud Office

A statutory body, operating under the superintendence of the Attorney General, would be set up to collaborate with the police in the investigation and prosecution of the most serious and complex frauds. It would develop the existing non-statutory arrangements for co-ordination and also work closely with the revenue departments. The members of the new office would have a range of relevant professional skills and qualifications, and would include lawyers, accountants and officers experienced in company legislation. Working closely with the Metropolitan and City Police Company Fraud Department, they would have the necessary investigative and prosecuting powers, including those now exercised by the Director of Public Prosecutions as well as powers for obtaining access to documents and information, but not police powers of search, arrest and detention. The objective would be to bring together the necessary powers and expertise so that major fraud cases could be brought to trial as rapidly and effectively as possible.

Evidence

Two main changes in the present law are proposed, each of them applying to criminal cases generally and not just to fraud. Under the first, archaic inhibitions on the use of documentary evidence would be considerably relaxed. Many documents would normally be admissible as evidence, with the judge having discretion to exclude them only if he considered it would be in the interests of justice to do so. There would be an exception for written statements by witnesses who could be expected to attend court in the usual way and be subject to cross-examination. In accordance with the Roskill Committee's recommendation, these would not normally be admissible, unless the judge considered that it would be in the interests of justice to admit them. The revised rules of evidence would take account of the possible use of live video links, in certain circumstances, as a means of taking evidence directly from a witness abroad who could be cross-examined. The second main change would be the introduction of a procedure under which courts in this country would be able to request the authorities in other countries to arrange for evidence to be taken on commission for use in proceedings here, or for documents to be produced. Evidence taken in this way would be readily admissible, on the basis described for documents.

A further proposed change would enable use to be made of material summarising and presenting the evidence more clearly, for example as a schedule or chart, to assist the jury in understanding a complex case.

Court Procedures

Two new procedures are proposed, both of them recommended by the Roskill report. First, prosecutors would be able, in serious or complex fraud cases, to transfer the case straight to the Crown Court for trial, without the need for committal proceedings in the magistrates' court. It would be open to the defence to make an application to the Crown Court for discharge, on the ground that there was no case to answer.

Second, if the trial judge believed that the conduct of a fraud trial would be assisted by clarifying in advance the issues which would fall to the jury, he would be able to order preparatory hearings. These would be in open court. The judge would be able, at this stage, to decide points of law and make orders designed to simplify the presentation of the evidence to the jury. Both parties would be obliged to indicate in outline the nature of their case, but the line of defence would not be disclosed to the jury except with the consent of the defence or the leave of the judge.

Conspiracy to Defraud

Provision will be made in the forthcoming Criminal Justice Bill to remove restrictions on the use of the common law charge of conspiracy to defraud. At present, not only are conspiracies relating to major frauds charged as relatively trivial offences in statute (carrying low penalties), but juries can be confused when one charge has to be substituted for another as the details of the case unfold during the trial. Under the proposed legislation prosecutors would be given guidance on the proper use of the common law charge, which would carry a maximum penalty of ten years imprisonment.

Police Action against Fraud

The Association of Chief Police Officers has undertaken to review the training of fraud squad officers, and both the Commissioners of the Metropolitan and the City of London Police, who together already have 200 officers assigned to the investigation of commercial fraud, are examining the scope for improvement in career structure or repeated periods of service for fraud squad officers in order to build on experience, and for accountants attached full-time to the fraud squad.

Jury Challenge

The Government's intention to abolish jury challenge, which had been discussed in the Roskill report, was announced by the Home Secretary in the House of Commons on 9 July (*Hansard*, Vol 101, No 146, cols 306-11). Mr Hurd said that, whatever its justification in the past, peremptory challenge was now widely criticised as a distortion of the jury system, which should be based on random selection. Its removal would help to maintain the effectiveness and integrity of the jury system. It seemed wrong in principle that jurors should be removed without reasons being given; it was also unsatisfactory that, in cases with large numbers of defendants, the composition of the jury should be capable of being influenced so substantially. Proposals to abolish peremptory challenge would be included in the forthcoming legislation. Challenge for cause – the right to seek the removal of a juror for stated reasons – would remain.

Shorter Notes

CROWN PROSECUTION SERVICE

The new Crown Prosecution Service, which is responsible for the conduct of all criminal proceedings previously instituted by the police, came into force throughout England and Wales on 1 October. The service has been operative in the six metropolitan areas of Greater Manchester, Merseyside, South Yorkshire, West Yorkshire, West Midlands and Northumbria/Durham since 1 April. Created under the Prosecution of Offences Act 1985 (see p 147, 1985), the new service will operate in the 90 crown courts and 620 magistrates' courts throughout England and Wales, and will be responsible for prosecuting over 1 million cases each year. About 80 per cent of the total staff required are now in post and nearly 1,200 of the total complement of 1,600 lawyers have been appointed. While the Crown Prosecution Service is a central department under the control of the Department of Public Prosecutions, it operates by the principle of a maximum of delegation of authority to 31 areas, each with its separate organisation. Certain types of case, however, which tend to require specialist attention, will be retained by the headquarters of the service in London. Such cases include serious breaches of the Official Secrets Acts, and cases involving terrorism and election offences.

The objectives of the new service are: to be, and be seen to be, independent of the police; to ensure that the general quality of decision-making and case preparation is of a high level, and that decisions are not susceptible to improper influence; to provide flexibility to take account of local circumstances; to continue prosecutions while, and only while, they are in the public interest; to conduct cases vigorously and without delay; to undertake prosecution work effectively, efficiently and economically; and to seek to improve the performance of the criminal justice system as a whole.

Sources: Crown Prosecution Service press notices, 22.9.86.

INTERNATIONAL FUND FOR IRELAND

An agreement establishing the International Fund for Ireland (see p 253) was signed by the United Kingdom and Irish Governments on 18 September. Welcoming the agreement the Secretary of State for Northern Ireland, Mr Tom King, said that the Fund would provide help of real practical value and was a tangible sign of support from the United States and Canada for the efforts being made to help in the creation of peace and stability in Northern Ireland.

The objectives of the Fund are to promote economic and social advance and to encourage contact, dialogue and reconciliation between nationalists and unionists throughout Ireland. It will be used to stimulate private investment and enterprise, to supplement public programmes and to encourage voluntary effort, including self-help schemes. Support will be given to projects of benefit to people in both parts of Ireland and to projects in areas facing serious economic and

social problems. Other projects will be aimed at widening horizons for people from both traditions by, for example, providing opportunities for industrial training and work experience overseas. Because of the special problems of Northern Ireland it is envisaged that approximately three-quarters of the Fund will be spent there.

The chairman and the six members of the board which will administer the Fund were announced on 1 October and were jointly appointed by the two Governments. The Chairman is Mr Charles Brett, a solicitor and a former chairman of the Northern Ireland Housing Executive. Applications for assistance will be made to the board which will make grants and loans to authorities, individuals or associations; it will present an annual report to the two Governments.

The agreement is subject to the approval of the United Kingdom Parliament and the Irish Dail.

Source: Northern Ireland Office, press notices 18.9.86 and 1.10.86.

EXTERNAL AFFAIRS AND DEFENCE

European Community: External Relations

The approach of the 12 members of the European Community to East-West relations and disarmament, the Middle East, Afghanistan, South Africa and the world economy were among the major topics discussed by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a speech to the United Nations General Assembly on 23 September. The Community's position on a number of other current international problems was outlined in a memorandum accompanying the speech.

Addressing the General Assembly on behalf of the Community, of which Britain holds the Presidency until the end of 1986, Sir Geoffrey said that the stability and mutual trust built up in Europe since 1945 had allowed members of the Community to increase their joint political and economic strength and they were determined to go on advancing their interests together. The Community was now the world's single greatest trading block, while its contribution to world affairs had to and would grow. The principles of the Charter of the United Nations had always been basic to the Community, whose members believed that history imposed on them a particular responsibility to work for those principles and to promote in the world the ideal of dialogue and peaceful co-operation which had served them so well.

East-West Relations

The wider Europe, however, remained divided, Sir Geoffrey went on. Twenty-five years ago, the Berlin Wall had cast its shadow between East and West and barbed wire and concrete had set neighbours and families apart from each other. These man-made divisions obliged Europeans to search for reconciliation and the rebuilding of trust between nations, and Europe's common history and culture encouraged them to believe that they could succeed. For the European Community, as for the rest of the world, better relations between the two superpowers were of the greatest importance and its members had welcomed the Geneva summit meeting between the United States President, Mr Ronald Reagan, and the Soviet leader, Mr Mikhail Gorbachev, in November 1985 (see p 376, 1985) and shared the widespread hope that there would be another summit this year, a prospect which had already produced major proposals by both sides.[1]

[1]Leaders of the United States and the Soviet Union met in Reykjavik, Iceland, on 11-12 October for a preparatory working meeting, but failed to agree on a date for a full summit.

The Community's members ('the Twelve') believed that the United States, the Soviet Union and Europe could make significant progress towards disarmament without compromising their security, and that an early agreement on the world-wide elimination of chemical weapons needed to be – and had to be – obtained (see pp 260-2). Even if the objective of general and complete disarmament could only be achieved gradually, it remained nonetheless the ultimate goal. Sir Geoffrey emphasised that agreements would have lasting value only if they were fair, balanced and verifiable, and that if confidence was to grow, existing arms control agreements had to be respected by all parties.

Arms control and disarmament negotiations were only part of East-West relations, however, Sir Geoffrey continued, and practical steps were needed to overcome the tension and division which lay behind the high level of armaments. It was fundamental for the health of East-West relations that all the commitments of the 1975 Helsinki Final Act were honoured. The Twelve looked to all the participants in the Conference on Security and Co-operation in Europe (CSCE) process to do so, and, at the follow-up meeting to be held in Vienna (in November), would press for the sort of steps which ordinary people in their countries could see and understand. They welcomed the successful conclusion of the Stockholm Conference and believed that the agreement reached there was a significant contribution towards reducing the risk of war in Europe and establishing greater confidence between East and West (see p 317). Community member states, which had made a substantial contribution to that result, would seek to build on it, both in the field of arms control and, more widely, in the CSCE process.

Afghanistan

Sir Geoffrey observed that many of the problems to be faced in East-West relations and in working for greater stability in the world were symbolised by the outside interventions in Afghanistan and Cambodia. In Afghanistan, in particular, although some small detachments of Soviet troops might be withdrawn, over 110,000 would still remain, tens of thousands of Afghan citizens having been killed as a result of the Soviet occupation.[1] Four million people remained outside their country living as refugees, many in Pakistan, which had suffered numerous attacks launched across its borders from Afghanistan. The principles sought by the Twelve, which had to underlie a solution, had been massively endorsed by the General Assembly on many occasions; these were that the Soviet Union

[1]On 28 July the Soviet leader, Mr Mikhail Gorbachev, announced the withdrawal of around 7,000 troops from Afghanistan by the end of 1986.

should withdraw all its troops from Afghanistan and agree on an acceptable timetable for doing so without delay.

The Middle East

The Community member states' approach to the problems of the Middle East (see pp 310-13, 1985) was likewise to counsel dialogue and co-operation, Sir Geoffrey continued. There were no military answers to the conflicts there, and a just, lasting and comprehensive settlement for the Arab-Israel dispute could be achieved only through negotiation. An international conference could make a major contribution provided that the gap between the parties could be narrowed and that they could agree on the principle and nature of such a conference. All parties needed clearly and unambiguously to accept two principles: the right to existence and security of all states in the area, including Israel; and the right of the Palestinian people to self-determination with all that that implied. The Arab states, Israel, and the Palestinian people had to open the door to peace by recognising each other's rights. Member states were working, individually and collectively, to help development in the occupied territories, and called on Israel, pending its withdrawal in accordance with Security Council resolution 242 [adopted in 1967], to fulfil scrupulously its obligations as the occupying power and to ease restrictions on political activity and economic development, measures which had to be a prelude to – and not a substitute for – true peace negotiations.

On the Iran-Iraq war (see p 88), which had now claimed well over a half a million casualties and gravely damaged both countries, Sir Geoffrey said that the Twelve sympathised with the concern of neighbouring states and had unreservedly condemned the use of chemical weapons and the escalating attacks by both sides on shipping in the Gulf. The two countries needed to ask themselves what possible good was served by continuing the conflict and to accept that it could only be brought to an end by negotiation. Calling on Iran and Iraq to co-operate with the United Nations, Sir Geoffrey urged them to agree an immediate cease-fire and to seek a peaceful, honourable solution to their differences.

The United Nations was doing vital work in the effort to preserve Lebanon's sovereignty, unity, independence and territorial integrity, Sir Geoffrey continued, and Community member states deplored recent incidents that had put new obstacles in the way of the mission of the United Nations Interim Force in Lebanon.[1] They wished to underline the urgency and importance of taking measures to enable the Force to carry out its mission safely and effectively.

Cyprus

Turning to the problem of Cyprus, Sir Geoffrey reaffirmed the member states' strong support for the independence, sovereignty, territorial integrity and unity of the island in accordance with United Nations resolutions. In particular, they rejected any action which purported to establish an independent state within Cyprus (see pp 422-5, 1983) and supported the Secretary-General in his efforts to achieve a just and viable solution to the problem.

[1]On 4 September three French soldiers serving with UNIFIL in southern Lebanon were killed by an explosion caused by a remote-controlled bomb detonated on the Jwayya road, east of Tyre.

Southern Africa

In South Africa, Community members had worked to promote the genuine national dialogue which was so obviously and urgently needed if there was to be a peaceful solution to the country's problems. They had forcefully condemned South Africa's armed incursions against neighbouring countries (see p 41) and repeatedly made clear their revulsion at apartheid and the need for its abolition. Although there had been reforms in South Africa, they had been too few and too slow to stem the surging bitterness and bloodshed in the country. Violence would not end apartheid, Sir Geoffrey stressed. Instead, conditions had to be created in which dialogue – impossible while black leaders remained imprisoned or detained and black organisations proscribed – could begin. It was for this reason that the Twelve had called repeatedly on the South African Government to release unconditionally Nelson Mandela and other political prisoners and to lift the ban on the African National Congress, the Pan-Africanist Congress of Azania and other political parties. Referring to measures taken by Community members to press upon the South African Government the urgent need for a peaceful negotiated solution (see p 321), Sir Geoffrey reaffirmed that they would continue to do everything possible to promote this. Time was short, he added, and he appealed to the South African Government to look to the future and to accept that fundamental change was inevitable.

In Namibia too South Africa bore a heavy responsibility, having last year set up a so-called transitional government of national unity which had no status whatsoever under the United Nations plan (see p 382, 1985). Unilateral moves by South Africa to transfer power in Namibia were unacceptable and the South African Government should implement the United Nations plan without further delay.

Central and Latin America

In Central America, where again dialogue and peaceful negotiation were the only way forward, a political solution had to emerge from the region itself. The Contadora peace process (see p 379, 1985) was a major step in the right direction, but further effort was needed by all concerned to reduce regional tension. At Luxembourg in November 1985, a political dialogue had been established with Central America to underline Community members' support for that process in the interests of stability and pluralistic democracy.

Community member states had been encouraged by the continuing consolidation of democracy in most Latin American countries and hoped that this process would continue. Problems certainly remained in some countries, however, a matter of particular concern being human rights abuses and the continuation of violence in Chile, where the Government had reimposed a state of siege following the attempted assassination of General Augusto Pinochet, the Chilean President. Sir Geoffrey called for the immediate release of Chilean political prisoners and the initiation without delay of a dialogue with the democratic opposition about a peaceful restoration of democracy.

Human Rights

The human rights abuses in Chile and South Africa were by no means unique, and the General Assembly could not remain indifferent in the face of the sys-

tematic violation of individual liberty, of the tyranny, oppression and indiscriminate violence which persisted in many countries and of the fact that hunger, disease and lack of opportunity denied the most basic economic and social rights to countless people. The Assembly had established clear standards in the Universal Declaration of Human Rights and other international instruments and the people of the Community expected the universal observance of these instruments.

Terrorism

Community member states had also taken certain steps during the year to deter state-supported terrorism (see p 320), particularly in the case of Libya, so that no country which supported terrorism could expect to enjoy normal relations with the Twelve, who would not tolerate such behaviour by supposedly responsible governments.

International Economic Issues

Economic issues, Sir Geoffrey observed, had been central to the development of the European Community, which was now the world's largest trade grouping, accounting for 20 per cent of world trade. It was the world's largest importer, in particular of products from developing countries (valued at $105,000 million in 1985) and its 320 million citizens were linked to some 400 million people in Africa, the Caribbean, and the Pacific through trade and aid agreements (see pp 441-3, 1984). Member states were collectively the largest donors of aid in the world.

Trade

Since the second world war, growth in world trade had been stimulated by the progressive dismantling of tariff barriers. There were nevertheless strains in the world trading system as old traditional industries in the western world had faced massive contraction as comparative advantage had passed to the newly industrialised countries, with traumatic social changes for those involved. Pressures for import controls had grown, but they were not the easy solution they seemed to be, since protectionism above all penalised developing countries by reducing access to prime markets in developed countries. It also penalised consumers in developed countries by increasing prices and restricting choice, and exporters by increasing their production costs. Protectionism was self-defeating and a spiral of retaliatory protectionist measures would have disastrous effects on world trade, particularly for the Third World.

Multilateral trade negotiations served two purposes: to renew the General Agreement on Tariffs and Trade (GATT) by bringing it up to date with the realities of world trade (see p 328); and to pursue trade liberalisation by allowing countries to make concessions multilaterally that they might find difficult to make bilaterally. Citing two examples of the Community's commitment to this process, Sir Geoffrey pointed out that in the textile industry a remarkable degree of restructuring had been achieved. They welcomed the fact that the new Multi-Fibre Arrangement agreed in July (see p 277) foresaw the application of GATT rules to trade in textiles as a final objective and called for all participants to co-operate in the progressive liberalisation of this trade. Members had also argued strongly for the particularly favourable treatment that the new arrangement gave to the least developed countries.

Secondly, in the field of agriculture, there had been a revolution in food production in the last ten years, new technology having meant new fertilisers, fatter cattle, new types of grain and rice, and more efficient storage. India was now exporting food and the People's Republic of China was virtually self-sufficient, and their success served as an inspiration to those struggling to overcome food shortages. Ironically, though, Sir Geoffrey pointed out, too much food in some countries could aggravate food shortages in others, for increased production by expensive producers could cause poorer ones to grow less. The result was a tragic paradox: that even in an age of plenty, famine persisted and, in addition, trade disputes became political conflicts as countries competed to subsidise their food exports and dispose of their growing surpluses. The Community was committed to the need to redirect policies and adjust the structure of agricultural production in the light of world demand. This was not the responsibility of one country or one group of countries, but represented a world-wide problem which could only be dealt with by all countries in co-operation with each other.

Debt

Turning to the problem of debt, Sir Geoffrey said that the international economic environment remained unfavourable, with growth still unevenly distributed throughout the world and growth rates still lower than was desirable. Lower interest rates helped all countries, but they were still high in real terms and by historical standards. Falls in the price of oil helped many but severely affected others, and commodity prices generally remained weak. Although many debtors had undertaken courageous adjustment programmes, and most of the industrialised countries had reduced the imbalances of the early 1980s which aggravated the difficulties facing debtors, the debt burden remained heavy for a number of countries. The Community fully supported the United States' initiative for sustained growth, which aimed to meet the legitimate aspirations of debtor countries for growth through structural adjustment and economic liberalisation with the necessary external financing.[1]

There had been much criticism that resource flows had declined, but although this might be so for the banks in the short term, it partly reflected falling short-term demand for loans. The banks had a crucial role to play in support of the United States' initiative and the creditor countries, for their part, were responding to the need to ensure adequate financial adjustment, through debt rescheduling, new export credits, aid programmes and support for the international monetary bodies. Sir Geoffrey pointed out that one way or another, either bilaterally, multilaterally or through the Community, the 12 member states provided one-third

[1]In October 1985, the United States made a number of proposals, under which growth would be promoted not only by appropriate market-oriented policies, but also by channelling fresh funds into debtor countries. The three main elements of the proposals include the adoption by debtor countries of comprehensive policies to promote growth and balance of payments adjustment and to reduce inflation; a continued central role for the International Monetary Fund, along with increased and more effective structural adjustment lending by the multilateral development banks; and increased lending by private banks to support adjustment programmes.

of the world's official development assistance and would maintain and, where appropriate, expand these flows to meet the commitment they had made individually to targets established by the United Nations.

United Nations Budget

Sir Geoffrey concluded his speech by discussing briefly the United Nations' financial crisis. A number of countries over the years had either delayed payments or withheld contributions. Community member states collectively provided just under 30 per cent of the budget and believed that every state should meet its legal obligations. There was, however, a clear need for changes in the system which would produce broader consensus on financial issues and help overcome the reluctance of some members to meet their financial obligations. Community members supported the creation of a new mechanism to consider the programme and budget, structured so as to ensure effective decision-making and to contribute to greater rationalisation and efficiency within the system. They were also firm in their support for a strong and effective United Nations, and greater budgetary discipline, improved co-ordination and rigorous adherence to priorities could only strengthen the organisation and ensure its future stability and vigour.

MEMORANDUM

In a memorandum circulated concurrently with his speech, Sir Geoffrey expressed the Twelve's support for negotiated political settlements to disputes in the Horn of Africa and Sri Lanka; reiterated their call for direct dialogue between South and North Korea to find a solution to the problem posed by the continuing division of the peninsula; and reaffirmed their commitment to United Nations and Association of South East Asian Nations efforts to bring an end to Vietnam's illegal occupation of Cambodia. Sir Geoffrey also referred to the Community's concern, following the Chernobyl disaster, over the issue of nuclear safety and welcomed the successful negotiation of international conventions on early notification and mutual assistance in the event of further accidents (see p 329).

On the problem of debt, Sir Geoffrey said that the Twelve supported efforts designed to achieve sustained growth in the international economy and had welcomed in particular the establishment of the Multilateral Investment Guarantee Agency (see p 145). He called for lasting improvements in the functioning of the world monetary and trading system through increased international compatibility of national policies in the interests of industrialised and developing countries alike. Member states were particularly concerned about the position of the many developing countries whose economies were dependent on the production and sale of a few primary commodities. The narrow base of such economies held back development and could be a source of economic instability. These problems could be most effectively overcome through growth-oriented structural adjustment, diversification and expansion of trade-flows, linked with measures by the countries themselves to mobilise domestic savings and investment and to stop capital flight, coupled with adequate financial flows. The Community would work to create an economic environment in which commodity-dependent countries could both develop and tackle structural problems.

European Security

Britain has welcomed the outcome of the Stockholm Conference on Confidence- and Security-building Measures and Disarmament in Europe. The Conference ended on 22 September with the signing by the 35 participating states of an agreement designed to bring about a greater degree of openness and predictability about military activities in Europe, thereby reducing the dangers of armed conflict, misunderstanding, or miscalculation in times of tension.

The Stockholm meeting arose from the second review in Madrid (1980-83) of the 1975 Helsinki Final Act of the Conference on Security and Co-operation in Europe (CSCE). The Final Act contained a section aimed at lessening military confrontation through confidence-building measures (see pp 307-12, 1975). The Madrid mandate for the Stockholm meeting, which opened in January 1984, called for the negotiation and adoption of a set of militarily significant, politically binding, and verifiable confidence- and security-building measures covering the whole of Europe from the Atlantic to the Urals, as well as the adjoining sea area and air space (see pp 325-8, 1983).

During the Conference, Britain and the other Western allies tabled proposals calling for an agreement that would reduce the likelihood of an outbreak of hostilities through more openness about military behaviour (see p 206, 1984). These provided for the exchange of information on the structure and organisation of military forces in Europe, the forecasting and the subsequent prior notification of military activities, the mandatory invitation of observers to demonstrate the non-threatening nature of these activities, and verification.

BRITISH STATEMENT

In a statement on 22 September, Mr Timothy Renton, a Minister of State at the Foreign and Commonwealth Office, said that the adoption of the Stockholm Document was an important achievement for security in Europe: 'The veil of secrecy which has up to now cloaked military activities in part of our continent is slowly being lifted, concrete measures have been agreed to promote openness and confidence, and these in turn will be subject to proper verification. Europe should be a safer place as a result.' The agreed verification measures, Mr Renton said, could be relevant to the negotiations in Geneva on a global ban on chemical weapons where Britain was also playing a leading role (see pp 260-2). He hoped that the Stockholm Document would provide an impetus for more far-reaching steps in arms control and disarmament and for parallel progress in other areas of the CSCE process, notably in the field of human rights and prisoners of conscience.

STOCKHOLM DOCUMENT

The Stockholm Document includes measures covering the size, notification, and observation of military manoeuvres, and provisions for their verification and inspection. It also reaffirms the parties' commitment to refrain from the threat or use of force in international relations; the universal significance of human rights and fundamental freedoms; and the linkage between the security of Europe and the security of the Mediterranean area. In addition, it emphasises the need to take resolute effective measures to prevent and to combat terrorism.

Confidence- and Security-building Measures

Notification of Military Activities

The participating states have agreed to give at least 42 days' advance notification of military activities planned to take place in their territory should they involve land forces of more than 13,000 troops or 300 tanks; 200 or more sorties by military aircraft (excluding helicopters); or the engagement of 3,000 or more amphibious troops or 3,000 or more airborne troops. Other information – for instance, the purpose of the activity and details of forces and equipment to be involved – would also have to be provided.

Observation

The participating countries have agreed to invite observers to military activities lasting more than three days involving more than 17,000 troops or, in the case of amphibious or airborne exercises, more than 5,000 troops; to permit observers to see a notified military activity throughout the period of the event; and to provide transport to and from the area of the notified activity. Observers would be granted diplomatic privileges and immunities during their mission. In order to allow the observers to confirm that the activity was non-threatening and was being carried out in conformity with the appropriate provisions of the notification, the host country would provide observation equipment, give daily briefings with the help of maps, and provide opportunities to observe directly the forces involved.

Annual Calendars

Each state has agreed to exchange with all other participants a calendar of those military activities subject to prior notification. This would be sent in writing through diplomatic channels every year not later than 15 November for the coming year. The calendar would contain such details as the types of military activities and armed forces involved, planned duration, and the number of states taking part.

Constraining Provisions

Each state would have to give the other states at least one year's warning of its military activities involving more than 40,000 troops (that is, those events planned to take place in the second subsequent calendar year), as well as giving notification in the respective annual calendar. In particular, states should not carry out military activities involving more than 75,000 troops unless this notification procedure had been gone through first. In addition, the signatories have agreed that they would restrict the number of other notifiable activities – for instance, those requiring 42 days advance notice and therefore liable not to be included in the annual calendar – to as few as possible.

Compliance and Verification

Under the agreement, each state has the right to conduct inspections on the territory of any other participating state where compliance with the agreed confidence- and security-building measures is in doubt. No state would be obliged to accept more than three inspections per calendar year or more than one inspection from the same state. The inspecting state, which would have to explain the reasons for the request, would be allowed to designate for inspection a specific area where notifiable military activities were conducted and in which access, entry, and unobstructed survey would be permitted, except for areas or sensitive points to which access is normally restricted. The number and extent of these restricted areas would be as limited as possible. In the specified area, forces from the inspected state and also from other participating states would be the subject for inspection, which would be done from the ground, from the air, or from both. Representatives of the state being inspected would accompany the team. The reply to an inspection request would have to be given within 24 hours, with the inspection team (up to four inspectors) being permitted to enter the territory within 36 hours; the inspection would be terminated within 48 hours of arrival of the team. Inspectors would be granted diplomatic privileges and immunities, would have their own maps, photocameras, binoculars, and aeronautical charts, and have access to appropriate telecommunications equipment provided by the receiving state. The inspecting state would prepare a report of its inspection and provide a copy to all participating states without delay.

Non-use of Force

The 35 states agreed to reaffirm their obligation under the Helsinki Final Act to refrain from the threat or use of force against the territorial integrity or political independence of any state, and recalled the inherent right of individual or collective self-defence if an armed attack occurs as set out in the United Nations Charter. They also agreed that no occupation or acquisition of territory resulting from the threat or use of force would be regarded as legal, and they stressed their commitment to the principle of peaceful settlement of disputes as contained in the Helsinki Final Act (see pp 256-7, 1985) since this principle and that of the non-use of force were essential for the maintenance and consolidation of peace and security.

Other Helsinki Obligations

The Stockholm Document stressed the signatories' commitment to the Final Act and the need for full implementation of all its provisions. Respect for and the effective exercise of human rights and fundamental freedoms were essential factors for international peace, justice, and security as well as for the development of friendly relations and co-operation among the 35 states as among all states. They reaffirmed that, in the broader context of world security, European security was closely linked with security in the Mediterranean and they confirmed their intention to develop good neighbourly relations with all states in this region. [Contributions were made to the

Conference by a number of non-participating Mediterranean states.]

On the question of terrorism, the 35 states emphasised the necessity to take resolute measures to prevent and combat it and agreed to take all appropriate measures to prevent their territories from being used for the preparation, organisation, or commission of terrorist activities.

Biological Weapons

Britain has welcomed the outcome of the Second Review Conference of the 1972 Biological Weapons Convention which took place in Geneva between 8 and 26 September.

British Statement

In a statement issued on 30 September, Mr Timothy Renton, a Minister of State at the Foreign and Commonwealth Office, said that the positive aspects in the consensus Final Declaration included the reaffirmation of the value of the Convention and the strengthening of its contribution to international disarmament; the adoption of specific measures aimed to increase confidence between parties to the Convention; and a recognition of the importance of achieving a chemical weapons ban, an area where Britain hoped that current negotiations in Geneva under its chairmanship would continue to make encouraging progress.[1] Mr Renton noted that the Biological Weapons Convention represented an important international commitment to the elimination of such unacceptable forms of warfare, and that the successful conclusion of the Review Conference had demonstrated, along with the outcome of the Stockholm Conference (see p 317), that countries of East and West – and, where appropriate, those of the non-aligned – could contribute to co-operation on arms control and confidence-building measures which strengthened their mutual security.

Final Declaration

In a preamble to the Final Declaration, the states party to the Convention expressed their strong determination for the sake of all mankind to exclude completely the possibility of microbial or other biological agents or toxins being used as weapons, and reaffirmed their strong support for the Convention and their legal obligation under international law to implement and strictly comply with its provisions. On the question of compliance with Articles I, II and III,[2] the Conference agreed that the application of a positive approach was in the interest of all the parties and that this would serve to promote confidence among them. The Final Declaration noted that the provisions of Article III should not be used to impose restrictions and/or limitations on the transfer of scientific knowledge, technology, equipment, or material to participating states for purposes consistent with the objectives and provisions of the Convention. It reaffirmed the obligation of parties to consult and co-operate with one another in solving any problems arising from the application of the Convention.

In view of the need to strengthen the implementation of the Convention, the Conference also accepted that a consultative meeting should be convened when requested by a state party to consider any problem regarding its objectives or application.

In order to prevent or reduce the occurrence of ambiguities, doubts and suspicions and to improve international co-operation in the field of peaceful bacteriological activities, the states agreed, on the basis of mutual co-operation, to:

1 Exchange data, including the name, location, scope, and general description of activities, on research centres and laboratories handling permitted biological materials that pose a high individual and community risk or specialise in permitted biological activities directly related to the Convention;

2 Exchange information on all outbreaks of infectious diseases and similar occurrences caused by toxins that seem to deviate from the normal pattern as regards type, development, place, or time of occurrence;

3 Encourage publication in scientific journals of the results of biological research directly related to the Convention, as well as the promotion of use for permitted purposes of knowledge gained in this research; and

4 Actively promote contacts between scientists and technical experts engaged in biological research directly related to the Convention, including exchanges for joint research on a mutually agreed basis.

They also agreed that a meeting of scientific and technical experts would be held in Geneva in March and April 1987 to work out a standardised procedure for this data and information exchange. Noting the importance of Article VI – which allows any party to lodge a complaint with the United Nations Security Council if it finds any other party acting in breach of the Convention's obligations, and under which each party undertakes to co-operate in carrying out any investigation which the Security Council might then initiate – they also noted the need to further improve and strengthen these procedures to enhance greater confidence in the Convention.

Reaffirming Article IX – the obligation to reach agreement on effective measures for the prohibition of the development, production and stockpiling of chemical weapons and for their destruction – all countries at the Conference reiterated their strong commitment to this goal and noted both the substantial progress being made on this at the Conference on Disarmament and in the bilateral talks between the United States and the Soviet Union on all aspects of

[1]The negotiations in the Conference on Disarmament in Geneva cover arrangements to ensure that the civil chemical industry is not used for the clandestine manufacture of chemical weapons; the institutional arrangements necessary to operate a chemical weapons convention; and an elaboration of the procedures for declaring and destroying stocks of chemical weapons and their production facilities (see pp 260-2).

[2]In Article I of the Convention, parties undertake not to develop, produce, stockpile or otherwise acquire or retain microbial or other biological agents or toxins and weapons, equipment, or means of delivery designed to use such agents. In Article II, they undertake to destroy or divert to peaceful purposes all the prohibited items in Article I, and in Article III not to transfer these prohibited items to any recipient, or to assist, encourage, or induce a country, group of countries, or international organisations to manufacture or acquire any of these items.

the prohibition of chemical weapons. [These discussions began in January.] The Conference on Disarmament was urged to exert all possible efforts to conclude by the earliest possible date an agreement banning chemical weapons and providing for effective verification provisions.

Under Article X of the Convention participating states undertake to exchange equipment, materials, and scientific and technological information for the use of bacteriological (biological) agents and toxins for peaceful purposes. The Conference, while acknowledging what had been done towards this end, noted with concern the increasing gap between the developed and the developing countries in the field of biotechnology, genetic engineering, microbiology, and other related areas, and urged states to share their scientific and technological knowledge, in particular with the developing countries. The Conference decided that the next review should be held at the request of a majority of the states not later than 1991.

Background

The 1925 Geneva Protocol, although banning the use of both chemical and biological (bacteriological) weapons, did not prohibit them from being developed, produced, or stockpiled. In the light of this, Britain suggested in 1968 that the ban on the use of biological weapons needed to be supplemented. In 1969 it proposed that the two types of weapons, chemical and biological, should be considered separately and tabled a draft Biological Weapons Convention. In 1971, after consideration of other texts, a compromise draft, based very much on the original British proposal, was tabled at the Conference of the Committee on Disarmament (a precursor of today's Conference on Disarmament) by 12 members, including Britain, the United States, and the Soviet Union. The draft was forwarded to the United Nations General Assembly which approved it in December 1971. In 1975 the Convention on the Prohibition of the Development, Production and Stockpiling of Bacteriological (Biological) and Toxin Weapons and on their Destruction entered into force on the basis of ratification by Britain, the United States, and the Soviet Union. Over 100 countries are party to the Convention. The First Review Conference took place in 1980.

International Terrorism

A new system of speedy and secure communications between European police forces and other measures to combat international terrorism were discussed at a meeting of European Community interior and justice ministers in London on 25 September.

The meeting was convened at the request of the French Government after a series of bomb explosions in Paris in September. Although legislation on internal security is not covered by the Community's treaties, interior and justice ministers and their senior officials have met regularly since 1976 under the informal 'Trevi' arrangements to exchange information, ideas and experiences. Discussions are also held in other Community fora such as political co-operation meetings. A programme of meetings is taking place during Britain's Presidency of the Community in order to deal with terrorism, drug trafficking and organised crime.

Presidency Statement

Speaking at a press conference on behalf of the European Community Presidency after the meeting, Britain's Home Secretary, Mr Douglas Hurd, said that the Community had reaffirmed its determination not to make concessions to terrorists and that member states had agreed to intensify their efforts against terrorism.

Mr Hurd pointed out that terrorists were increasingly members of organisations operating across national frontiers and had access to substantial sums of money, arms, equipment and technical knowledge and training. As they became better organised, governments and counter-terrorist forces were having continually to improve their knowledge and co-operation if they were to prevent attacks and take effective counter-action. Member states had to pool more effectively their knowledge of who terrorists were, their location and the nature of their planning.

Ministers had therefore agreed to new arrangements regarding up-to-date assessments of terrorist threats in order to target major leaders and organisers, and the start of a new system of speedy and secure communications between European police forces. These measures would enable member states to target terrorists' movements, suppliers of money, arms and equipment, so that they could be harried and disrupted.

Although some notable successes had been achieved within Europe in recent months, the pressure needed to be stepped up further with selective measures aimed at terrorists and their associates. Ministers had set in hand a programme designed to help exclude terrorists from the Community and had agreed to examine visa arrangements, to make effective use of exclusion and expulsion procedures, and to examine the need for more effective extradition procedures so that terrorists could not take advantage of legal loopholes to avoid justice. Member states would also review arrangements for making effective security checks at airports and the work done by member governments to curb abuses of diplomatic immunity (see pp 153-5, 1985). Britain would bring forward proposals designed to facilitate its own extradition procedures.

The aim, concluded Mr Hurd, had to be to make these measures mutual so that a terrorist excluded or driven from one country could not find entry or refuge in another. By their choice of method terrorists were criminals and had to be treated as such. A principal aim of the European Community in building Europe had to be to safeguard its citizens by outwitting terrorists and bringing them to justice.

Britain's Policy

Britain is firmly committed to international co-operation in the fight against terrorism. Outlining Britain's general approach in October 1985, Mr Hurd said that Britain wished to promote an acceptance among friendly countries of a common interest in combating all kinds of terrorism and to create an international

climate in which state-sponsored or state-supported terrorism was unacceptable. Britain also wanted to secure agreement that no substantive concessions should be made to terrorist demands, that diplomatic immunities should not be abused by states supporting or condoning terrorism, and that appropriate action should be taken against such states in conjunction with other friendly countries. Mr Hurd stressed the need to deny arms and money to terrorists, to impede the movement of international terrorists from one country to another by the use of immigration procedures, and to ensure full co-operation among security services, police forces and other organisations so that intelligence information about terrorists could be exchanged, acts of terrorism prevented, and the perpetrators of terrorist acts brought to justice. Britain also favoured consistent and effective action to prevent the hijacking or sabotaging of aircraft or ships.

International Measures

Britain has taken a leading role in groups such as the European Community and the economic summit grouping to secure an agreed and co-ordinated approach to international terrorism. After the St James's Square incident when a woman police constable was killed by shots from the Libyan People's Bureau in London (see p 161, 1984), the European Community, at Britain's instigation, agreed a set of principles in December 1984 designed to increase co-operation against international terrorism, especially that involving the abuse of diplomatic immunity. In January 1986 Community member states decided not to export arms or other military equipment to countries clearly implicated in terrorist activity and to take steps to prevent such material being diverted for terrorist purposes. This was followed in April by various measures to prevent further acts of Libyan-directed terrorism. Measures were also adopted by members of the economic summit grouping in Tokyo in May (see p 140). Because of the involvement of Libyan Arab Airlines in support of terrorist activity, Britain is suspending Libyan flights to Britain at the end of October.

As a member of the Council of Europe, Britain has fully supported its action against terrorism. It is a signatory of the Council's 1977 European Convention on the Suppression of Terrorism which removed the traditional 'political offence' safeguard on extradition for such crimes as hijacking or other offences against aircraft, kidnapping and taking of hostages.

Britain is also a signatory of three conventions sponsored by the International Civil Aviation Authority (ICAO) and designed to deal with air piracy or hijacking. The 1969 Tokyo Convention provides for the return of aircraft after hijacking, while the 1970 Hague Convention obliges a state in which an illegal seizure of an aircraft takes place to extradite the offender or, if this is not done, to submit the case to the competent authorities for the purposes of prosecution. The 1971 Montreal Convention imposes the same obligation on signatories to take measures against those who commit other types of offence endangering aircraft, including acts of violence when an aircraft is in flight, the planting of bombs and other attempts at sabotage.

Britain also has a number of bilateral agreements with other countries. Arrangements between Britain and the Irish Republic permit courts in both countries to try terrorist offenders on a wide range of serious charges in the courts of the country in which they are apprehended. New extradition agreements with Spain and Italy contain clauses to deal with terrorist activity. Under a supplementary extradition treaty with the United States, a person accused or convicted of certain serious offences of violence would no longer be able to avoid extradition on grounds that the offences were political (see p 222, 1985). The Government is planning new legislation designed to encourage more effective extradition agreements between Britain and other countries.

South Africa

Britain has joined its partners in the European Community in agreeing a limited package of economic measures, including a ban on iron and steel imports, against South Africa. The measures are designed to impress upon the South African Government the need to dismantle apartheid and establish conditions in which a genuine national dialogue can take place. Britain's efforts towards bringing about changes in South Africa, and its aid to development in the region and elsewhere in Africa, were discussed in a speech by Mrs Lynda Chalker, Minister of State at the Foreign and Commonwealth Office, in September.

The new measures were announced in a statement issued by Community foreign ministers meeting in Brussels on 16 September. The action follows the ministers' agreement at The Hague in June (see p 215) to consider the imposition of a range of sanctions by 27 September if a peace mission by Britain's Foreign and Commonwealth Secretary, Sir Geoffrey Howe, failed in its efforts to establish conditions in which negotiations for change could take place (see p 259).

European Statement

In their statement the Community foreign ministers expressed their grave concern that the situation in South Africa appeared to have entered a new phase of increased tension under the state of emergency. They shared the widespread anxiety within the member states over reports of the conditions in which some detainees were being held and again condemned the practice of detention without trial, calling for the release of all detainees and an end to the state of emergency.

The ministers underlined the importance they attached to the strengthening and more effective co-ordination of the positive measures being taken to assist the victims of apartheid both by member states individually and by the Community itself (see p 218). They reaffirmed the urgent need for a genuine national dialogue across lines of colour, politics and religion and deplored the fact that the South African Government was not yet prepared to take the steps necessary

to make that possible. Two steps in particular had been identified at their meeting in The Hague in June; namely, the unconditional release of Nelson Mandela and other political prisoners and the lifting of the ban on the African National Congress, the Pan Africanist Congress of Azania and other political parties. The ministers undertook to work towards a programme of political action designed to promote the achievement of these objectives.

In view of the South African Government's failure to respond, and after consultation with other industrialised countries,[1] the ministers had decided that Community member states should adopt a package of restrictive measures on the lines envisaged at The Hague, which consisted of bans on new investment and on the import of iron, steel and gold coins from South Africa. The ban on iron and steel would be effective from 27 September, and the ban on new investment would be the subject of further examination. Most member states had also been willing to implement a ban on the import of coal from South Africa, and the Presidency would continue to seek consensus on this question.

Commenting on the statement in a radio interview on 17 September, Sir Geoffrey Howe said that, while there were different views within the Community as to the usefulness of sanctions, the Community had expressed a clear judgment on the need for urgent change in South Africa. Twelve important countries had reached a clear set of conclusions, not only on sanctions, but also on certain positive measures to help the victims of apartheid, on a plain definition of what had to be done, and on a commitment to further political pressure to bring about change there.

Foreign and Commonwealth Minister's Speech

Addressing the Africa Centre in London on 10 September, Mrs Chalker emphasised Britain's commitment to the abolition of apartheid and to the achievement through peaceful means of a fully representative non-racial system of democratic government. Britain believed that comprehensive mandatory sanctions would only further delay this process and that the best hope was through creation of conditions for dialogue between the interested parties. These included the release of Nelson Mandela and others, the removal of the powers of emergency, and a lifting of the ban on certain political parties. Britain was continuing to try to persuade the South African Government to help create these conditions. It also had in place a number of measures as political signals, for example, no arms trading with South Africa, no military co-operation, and the Gleneagles agreement regarding sporting contacts (see pp 218-19).

In its approach to the problems of South Africa, Britain tried to focus on the reality of the enormous gulf in attitude and opportunity between black and white, which had to be narrowed if there was to be any hope of a peaceful settlement involving all population groups. The growing dependence of the South African economy on the non-white population made social and political change inevitable, Mrs Chalker said, and however relations inside South Africa and between South Africa and its neighbours developed, future stability and prosperity would be impossible unless the education and training of non-white South Africans were drastically improved.

Britain had over the past few years paid considerable attention to the improvement of the education of the non-white population. Under various aid schemes, hundreds of non-whites had been brought to Britain for education and experts had gone to South Africa to teach. The schemes included the training of trade unionists and the Ambassador's Gift Scheme and Small Projects Scheme in support of non-white social and community bodies. Britain was also contributing £0·5 million annually to a new Commonwealth scheme providing postgraduate training in Britain and assistance to refugee students as well as students in South Africa. In addition it was contributing 20 per cent of a European Community commitment of over £6 million from the 1986 budget to improve social conditions and education and to provide assistance to the victims of apartheid; this, as does other assistance, would operate through non-government agencies in South Africa.

In July, Britain had announced that an extra £15 million of development assistance was being set aside over five years for aid to South and Southern Africa, £3 million of which would be spent on regional transport projects to promote further the economic independence of South Africa's neighbours and the rest on the needs of non-white South Africans. Some 80 scholarships a year for undergraduate courses in Britain were expected to be provided, as well as undergraduate training in South Africa and support for other activities in the educational and social field. The spread of the aid programme, which had so far been directed primarily to education, was to be considerably widened and a number of schemes funded jointly by Britain and voluntary agencies were under consideration. All the various schemes outlined meant that Britain would be spending at least £18 million to benefit non-white South Africans over the next five years in addition to its share of aid to be provided by the European Community.

Rest of Africa

Although in itself a considerable commitment, aid to Southern Africa was only a part of Britain's involvement in sub-Saharan Africa as a whole, where many of the countries were among the poorest in the world, Mrs Chalker continued. British aid to Africa over the last five years had totalled £2,800 million, £570 million having been provided in 1985 alone either directly or through multilateral channels (see pp 268-9). Nearly all had gone to sub-Saharan countries and had included considerable emergency relief assistance, which in Ethiopia and Sudan had amounted to over £93 million between October 1984 and April 1986 (see pp 188-9). Agriculture, population growth, health and manpower were all critical areas in which the aid programme contributed to Africa's long-term

[1]On 2 October the United States Senate voted by 78 votes to 21 in favour of a sanctions bill against South Africa which became law. The Senate's decision, which followed a similar vote by the House of Representatives, overturned a veto by the President, Mr Ronald Reagan, who favoured milder measures. The law includes bans on imports of South African coal, iron, steel, uranium, agricultural produce and textiles; an end to new United States investment; and the severing of air links between the United States and South Africa.

development. Britain had also given substantial sums to help the Southern African Development Co-ordination Conference states to reduce their dependence on South African transport (see p 188), and had provided programmes of military assistance in a number of countries which had helped to maintain or restore conditions of political stability without which economic development could not take place. Trade and cultural exchanges also had an important role to play in enhancing relations between Britain and Africa.

Concluding, Mrs Chalker said that, despite enormous problems, many African countries had made substantial advances in the last 20 years and African leaders were increasingly aware that difficult and courageous decisions were essential to achieve change. Britain intended to continue to help, because it cared and believed that a stable and prosperous continent was in everyone's interest.

Shorter Note

DEVELOPING COUNTRIES TRADE AGENCY

The Developing Countries Trade Agency, a new British company designed to help developing countries to promote economic growth by increased exports, became operational on 1 October. The Agency, which is financed by the British aid programme and was formerly known as the United Kingdom Trade Agency for Developing Countries, has been operating since 1973 when it was established by the Government as a department of the London Chamber of Commerce as a means of stimulating trade through aid. It now becomes a separate entity with its own board of directors.

The Agency assists developing countries, particularly the poorest, to market their products in Britain and the European Community by establishing and maintaining contacts between manufacturers and exporters in developing countries and British importers; by advising the former on market conditions and on how to adapt their products to particular market sectors through suitable promotion, distribution, pricing, design and packaging; and by locating possible agents or distributors. It also advises and assists exporters from developing countries on participation in British trade fairs and exhibitions and organises trade missions for visitors to Britain on behalf of various international bodies including the Commission of the European Community and the International Trade Centre. In Britain the Agency maintains close links with trade associations, research organisations, banks, and chambers of commerce and industry, and carries out training activities for businessmen designed to highlight topical issues and problems of particular concern to developing countries.

The range of products and services handled by the Agency extends from industrial materials for use in manufacturing processes to consumer goods ready for sale to the public. In 1985, the Agency dealt with more than 1,500 enquiries from exporters and received some 200 visitors from developing countries.

The Agency's address is 69 Cannon Street, London EC4N 5AB.

Sources: Overseas Development Administration press notice, 1.10.86; The Developing Countries Trade Agency.

ECONOMIC AND SCIENTIFIC AFFAIRS

National Accounts 1985

With continued growth in 1985, Britain's gross domestic product has been increasing at an average rate of some 3 per cent a year since 1981. Output rose by 3 per cent in 1985 in manufacturing and by slightly more in services. Real personal disposable income grew by about 3 per cent and the volume of fixed investment by 2 per cent. Profits of North Sea oil companies fell, but those of other industrial and commercial companies increased sharply.

The National Accounts 'Blue Book',[1] published on 5 September, gives revised figures for national income, expenditure and output for each of the 11 years from 1975 to 1985, with summary tables going back to 1964.

Gross Domestic Product

Gross domestic product (GDP) at factor cost,[2] after allowing for inflation, rose by around 3·5 per cent between 1984 and 1985 (see Table 1) to a level 8 per cent above the previous peak in 1979. Since the trough of 1981 the annual rate of growth has averaged about 3 per cent. GDP in 1984 and, to a lesser extent, 1985 was affected by the dispute in the coal industry (see pp 77-8, 1985). After the effects of the dispute have been taken into account, GDP is estimated to have grown by rather less than 3 per cent in 1985.

The average measure of GDP at current market prices (the prices that consumers actually pay for goods and services) rose by some 9·5 per cent between 1984 and 1985 (a little under 9 per cent after allowing for the effects of the coal dispute).

The increase in GDP at factor cost attributable to inflation was 5·7 per cent; the corresponding figure for GDP at market prices was 5·9 per cent.

The expenditure measures of GDP and gross national product (GNP – equal to GDP plus net property income from abroad) in 1985 are analysed according to category of expenditure and by market prices and factor cost in Table 2.

Output by Industry

Output in manufacturing increased by 3 per cent between 1984 and 1985 (see Table 3). Within manufacturing, output in most parts of the engineering industry rose by over 6 per cent. Output of the metal goods industry fell by 2 per cent and that of drink and tobacco by 1 per cent. Energy and water supply output grew by 9 per cent, but a large part of this was attributable to recovery from the coal industry dispute. Construction output increased slightly, but that in agriculture, forestry and fishing fell by 3 per cent from the record level reached in 1984. Output of services rose by some 3·5 per cent with continued growth in most groupings. Particularly sharp increases were recorded in communications (up by 7 per cent) and by banking, finance, insurance, business services and leasing (up by 9 per cent).

Personal Income, Expenditure and Saving

Total personal income rose by some 8 per cent in 1985 (see Table 4). Income from employment increased by 8 per cent and that from self-employment by 10 per cent. Prices as measured by the consumers' expenditure deflator rose by almost 5·5 per cent and real personal disposable income by nearly 3 per cent.

Consumers' expenditure at current prices grew by more than personal disposable income with the result that the saving ratio (saving as a percentage of personal disposable income) fell from 11·7 per cent in 1984 to 11·1 per cent in 1985, its lowest level since 1972.

In volume terms, consumers' expenditure rose by 3·5 per cent between 1984 and 1985, with spending on durable goods growing by nearly 7·5 per cent. There were increases in almost all categories – some 7 per cent for clothing and footwear and 5 per cent for alcoholic drink apart from beer. Expenditure on tobacco declined.

Companies

Gross trading profits (net of stock appreciation) of North Sea oil companies fell by 3 per cent in 1985. Those of other industrial and commercial companies rose by almost 30 per cent (but this was partly a reflection of the inclusion of British Telecom in the figures from late 1984 (see pp 453-4, 1984)). In 1985 industrial and commercial companies had a financial surplus (broadly, undistributed income minus fixed investment and increases in stock values) of £6,900 million compared with one of £8,600 million in 1984.

Fixed Investment and Stockbuilding

Gross domestic fixed capital formation (fixed investment) rose by 2 per cent in volume in 1985 to a level 22 per cent above the low point in 1981 and some 5·5 per cent above the peak in 1979. Fixed investment

[1] *United Kingdom National Accounts 1986 Edition*. Central Statistical Office. HMSO, £12·95. ISBN 0 11 620248 3.

[2] The total net value received by producers for goods and services produced, after deducting indirect taxes and adding subsidies. (GDP is here a simple average of the three estimates based on income, expenditure and output data.)

Table 1

Average Measures of Gross Domestic Product

	1975	1980	1984	1985
at constant factor cost (1980=100)	92·0	100·0	106·7	110·5
at constant market prices (1980=100)	91·6	100·0	106·7	110·4
at current factor cost (£000 million)	95·2	199·5	277·8	304·4
at current market prices (£000 million)	105·5	230·3	322·6	353·5

Table 2

Analyses of Gross Domestic Product and Gross National Product (Expenditure Measures) in 1985

	£ million
At market prices	
Consumers' expenditure	213,208
Central government final consumption	45,975
Local authorities' final consumption	28,037
Gross domestic fixed capital formation	60,118
Value of physical increase in stocks and work in progress	528
Total domestic expenditure	347,866
Exports of goods and services	102,304
Total final expenditure	450,170
Less imports of goods and services*	−98,603
GDP at market prices†	351,567
Net property income from abroad	3,400
GNP at market prices†	354,967
At factor cost	
Adjustment of GDP at market prices to factor cost‡	49,102
GDP at factor cost	302,465
GNP at factor cost	305,865

*Excluding taxes on expenditure levied on imports.
†Including taxes on expenditure levied on imports.
‡Taxes on expenditure less subsidies.

Table 3

Index Numbers of Output (at Constant Factor Cost)

1980=100

	1984	1985
Agriculture, forestry and fishing	121·3	117·1
Energy and water supply	110·1	120·1
Manufacturing	100·7	103·8
Construction	98·6	99·8
Distribution, hotels and catering; repairs	108·2	112·0
Transport and communication	106·8	112·5
Other services	107·0	111·0
GDP (output measure)	106·7	110·7

Table 4
Personal Income and Expenditure

£ million

	1984	1985
Income from employment	180,348	195,350
Income from self-employment*	27,013	29,859
Rent, dividends and net interest	28,796	30,582
Current grants from general government (including social security benefits)	42,761	46,127
Other†	1,869	1,990
Total personal income	280,787	303,908
Deductions from income:		
British taxes on income	35,006	38,205
Social security contributions	22,314	24,068
Other current transfers	1,827	1,854
Personal disposable income	221,640	239,781
of which:		
Consumers' expenditure	195,711	213,208
Saving	25,929	26,573

*Before providing for depreciation and stock appreciation.
†Other current transfers and the imputed charge for capital consumption of private non-profit-making bodies.

in vehicles, ships and aircraft and in plant and machinery increased by around 8 per cent. In contrast, fixed investment in dwellings and in other new buildings and works fell – by 4 per cent and 3 per cent respectively.

By industry, the sharpest rise in the volume of fixed investment was in communication (up by 16 per cent), followed by banking, finance, insurance, business services and leasing (up by 13 per cent, almost entirely because of the increased acquisition of goods for leasing). Fixed investment in most other industries increased but at a slower rate; in agriculture, forestry and fishing, however, there was a fall of 27 per cent and in the extraction of mineral oil and natural gas a decline of 16 per cent.

In terms of 1980 prices, the level of stocks and work in progress rose by £600 million in 1985, following little change the previous year. Analysed by industry, manufacturing recorded a fall of £500 million while there were increases for construction, retailing and central government of £300 million, £400 million and £500 million respectively.

Chancellor's Speech at International Monetary Fund Meeting

Although growth of output in Britain this year would be less than the Chancellor of the Exchequer, Mr Nigel Lawson, had previously expected, he felt that the slowdown represented only a pause in the upswing. Mr Lawson, who was speaking at the joint annual meeting of the International Monetary Fund and World Bank in Washington on 30 September, expressed confidence that income from the large stock of overseas assets that Britain had built up would offset the effects of the fall in the oil price. In the international sphere he welcomed progress made by the General Agreement on Tariffs and Trade and pledged continued support for the agencies involved in finance and development.

The Industrialised Economies

The Chancellor explained that, in most industrialised countries, economic activity – particularly industrial production – had been somewhat sluggish since the final quarter of 1985. He found this disappointing but felt it likely to prove a transitional phase as the world economy adjusted to the major shifts in relative prices that had occurred over the past year or so. There was 'a reasonable expectation' that activity in these countries would pick up as domestic demand responded to the fall in nominal interest rates and the rise in real incomes. There were already signs of an increase in activity in a number of European countries.

Government deficits needed to be further reduced in many countries. This was particularly true in the United States both because of the size of the deficit and because of the contribution which its correction could make to a cut in current account imbalances. It was also crucial that Japan lowered its export orientation and raised its import share. The European Community countries were also aware of the need to contribute to the correction of imbalances and to the

maintenance of sustained growth in world demand and trade.

The Community, which welcomed progress at the meeting of the General Agreement on Tariffs and Trade (GATT) earlier in September in Uruguay (see pp 328-9), would enter forthcoming GATT talks with the aim of consolidating and further developing the open trading system.

International Agencies

The International Monetary Fund (IMF), Mr Lawson went on, continued to have a central role in the balance-of-payments adjustment process. Community countries fully supported it. They were also ready to support a substantial increase in the capital of the World Bank and a further replenishment of the resources of the International Development Association (see p 188). They welcomed the role of the International Finance Corporation in support of private investment and enterprise in developing countries. Good progress had been made with the Multilateral Investment Guarantee Agency (see pp 145-6), which was designed to encourage direct investment in developing countries, with more than 35 countries having signed the convention establishing it.

The World Economy

Market Forces

The Chancellor told his audience that the international consensus over macro-economic policy had been extended into the micro-economic sphere. Throughout the world, governments of all political persuasions were coming to recognise that sound macro-economic policies needed to be accompanied by the liberalisation of market forces. Accordingly, privatisation (see pp 154-6), deregulation (see pp 194-5) and tax reduction (see p 126) had all become part of the 'new world consensus'.

Freedom of markets was particularly important at international level, Mr Lawson explained. The recent GATT negotiations had represented 'a real breakthrough. The world is now committed to a genuine attempt to bring down trade barriers right across the board, in industry and agriculture, goods and services. It is vital that we now carry this through to a successful conclusion.'

Protectionist Pressure

He shared the concern of the United States administration over the strength of bipartisan protectionist pressure in Congress. However, it was right to point out that, over the past year alone, there had been three important international achievements, each of which would improve the open trading system. First, since the agreement of September 1985 (see pp 317-18, 1985) there had been a major realignment of exchange rates to much more realistic and sustainable parities. Secondly, at the Tokyo economic summit in May there had been a resolution in favour of increased consistency in the industrialised countries' economic policies (see pp 147-8). Thirdly, since the GATT meeting the world was on the verge of a comprehensive reduction in trade barriers on both goods and services. On the basis of these achievements the United States administration could reasonably be expected to overcome protectionist pressure.

Agriculture

Agriculture, the Chancellor continued, was an area in which market forces were restricted. Production was encouraged in high-cost developed countries but discouraged in low-cost developing countries. Also, taxpayers in the West financed food aid to the Soviet Union. Low world prices for agricultural exports, brought about as a result of subsidies in the industrialised countries, represented a major loss for developing countries while the implications for debtor countries were particularly serious. Vast gains, for both developed and developing countries, could result from improved pricing policies and trade liberalisation; 'multilateral disarmament' by subsidisers was needed.

The British Economy

Output

Developments in the British economy, Mr Lawson said, had reflected the pattern in the industrialised world as a whole. Domestic demand had been as buoyant as he had suggested in March at the time of the Budget (see p 121). However, in line with sluggishness of world trade as a whole and as a result of weakness in a number of markets – especially those affected by the sharp fall in the price of oil – the trend of exports had been flatter than he had expected in March. Output growth in 1986 would therefore be less than previously envisaged. This slowdown followed steady growth of about 3 per cent a year for four years – the longest period of growth for a considerable time.

Mr Lawson was of the opinion that this slowdown was merely a short pause before Britain reaped the beneficial effects of lower oil prices on levels of economic activity at home and abroad. There were already signs of a rise in exports; 'with continued strength of domestic demand there is every prospect of faster growth next year'.

There had been profound structural changes in the British economy. For example, output of services and of oil had for a long time tended to grow faster than that of manufacturing. Also, within manufacturing, performance had been far from uniform; output in metal-using industries, textiles and clothing was still below the pre-recession peak of 1979 while in chemicals, food and engineering it was well above the pre-recession level.

The Chancellor did not expect much change in the coming months in the underlying annual rate of inflation, which was now around 3·25 per cent. (Because of the sharp fall in the price of oil and most other commodities, the underlying rate of inflation was above the recorded rate.)

Oil

Britain was the world's fifth largest oil producer – even though oil accounted for only about 5 per cent of its gross domestic product (GDP) – and had therefore been more affected than most countries by the collapse of the oil price. With the halving of North Sea export earnings, non-oil exports – both visible and invisible – would need to rise. A fall in the exchange rate would be part of the mechanism leading to the necessary improvement in the non-oil balance of trade. Since the halving of the oil price Britain had experienced 'a substantial but on the whole orderly fall in the exchange rate' which would, however, take time to have its full effect on the current account.

A high proportion of the revenue from North Sea oil had been invested abroad to give a permanent inflow of foreign currency. Britain's net overseas assets had risen from £12,000 million (less than 7 per cent of GDP) in 1979 to some £80,000 million (23 per cent of GDP) by the end of 1985. Britain's net overseas assets were now second only to those of Japan. The income from these assets would provide a useful offset to a reduced contribution from the North Sea.

Mr Lawson recalled that Britain had been encouraged to join a programme to restrict oil output and raise prices. 'We have always had the freest oil province in the world, in which it is up to companies, not government, to decide how much to produce. I have never believed it would be in the interests of [Britain] or the world for us to depart from that policy.'

Unemployment

Unemployment, the Chancellor concluded, remained far too high, but there had in recent months been an improvement in the trend. Youth unemployment in Britain was falling and was lower than in most of the European Community. The Government had tackled the problem by a substantial expansion of youth training (see pp 230-3) and by policies aimed at pricing young people back into jobs (see pp 125-6, 1985). The growth of long-term unemployment remained a difficult problem. There was, however, increasing evidence that the Government's measures to deal with this (see pp 390-1, 1985) would prove successful.

Trade Policy

The objectives of Britain and its European Community partners have been achieved with the launching by the General Agreement on Tariffs and Trade in September of the eighth round of multilateral trade negotiations (the Uruguay Round). The new round, which provides for a further liberalisation and expansion of world trade, especially for developing countries, will focus on a number of specific areas, including agriculture and services.

The General Agreement on Tariffs and Trade (GATT) met at ministerial level in Punta del Este, Uruguay, from 15 to 20 September. Britain's representatives, the Secretary of State for Trade and Industry, Mr Paul Channon, and the Minister for Trade, Mr Alan Clark, also co-ordinated the European Community's position as Britain is currently President of the Community's Council of Ministers (see pp 211-12).

Speaking after the conclusion of negotiations, Mr Channon expressed pleasure that these had embraced services and that agriculture had been included on terms that the Community could accept. He said that all British and Community objectives had been achieved and he was eager that the round should now proceed. The decisions reached would give a sound base on which GATT could progress. 'We are now able to negotiate from a much stronger position than before,' he added.

Ministerial Declaration

The ministerial declaration, published on 20 September, provided for the establishment of a committee to carry out the negotiations, which would be concluded within four years. The declaration made statements of intent on trade in both goods and services.

Trade in Goods

On trade in goods, the participants expressed their determination to halt and reverse protectionism, to remove trade distortions and to develop a more open, viable and durable multilateral trading system.

The developed countries, the declaration stated, not asking for reciprocity from the developing countries, did not expect them to make concessions inconsistent with their developmental, financial or trading needs. They also agreed that special attention should be given to the circumstances of the least developed countries and to the need to encourage the expansion of their trade.

The declaration singled out two particular problems: 'standstill' and 'rollback'. Under the standstill requirements, the participants agreed not to take any measures inconsistent with the provisions of GATT, that went beyond what was needed to remedy specific situations or that were aimed at improving negotiating positions. Under the rollback arrangements, they stated that all measures inconsistent with the GATT provisions should be phased out – or steps taken towards their elimination – by the time of the formal completion of negotiations without the benefit of concessions from GATT. Participants agreed that implementation of commitments on standstill and rollback should be subject to multilateral surveillance.

Specific subjects for negotiation included: tariffs and non-tariff measures, tropical products and natural resource-based products, textiles and clothing, and agriculture.

The participants pledged themselves to the reduction or elimination of tariffs and non-tariff measures (including quantitative restrictions).

Negotiations were to be aimed at the fullest liberalisation of trade in tropical products and natural resource-based products in both processed and semi-processed forms. Because of the importance of tropical products to a large number of developing countries, the participants agreed that negotiations in this area would receive special attention.

Negotiations on textiles and clothing (see pp 97 and 277) would be directed towards the eventual integration of this sector into GATT.

The participants were in agreement on the urgent need to tackle the restrictions and distortions affecting trade in agriculture – including those relating to structural surpluses – so as to reduce uncertainty, imbalances and instability. They would aim to improve the competitive environment by placing stricter controls on the application of direct and indirect subsidies.

Negotiations would tackle the issue of protection of intellectual property rights but in such a way that any measures of enforcement did not themselves become barriers to legitimate trade. Efforts would also be made to develop a set of multilateral rules to deal with trade in counterfeit goods.

Trade in Services

The participants also decided to launch negotiations aimed at the establishment of a multilateral framework of principles and rules for trade in services. A negotiating group would be set up to deal with these matters.

Nuclear Energy

Two conventions designed to strengthen international co-operation in nuclear safety and environmental protection have been adopted by consensus at a special session of the general conference of the International Atomic Energy Agency (IAEA). The Government's intention to apply the conventions immediately was stated by the Secretary of State for Energy, Mr Peter Walker, in his speech to the session.

Extensive international discussions took place following the serious accident at the nuclear power station at Chernobyl in the Soviet Union in April 1986 (see pp 141-3). In particular, these took place within the framework of the IAEA, an international body with a membership of 116 countries which provides guidelines for the peaceful use of nuclear activities and establishes safeguard agreements negotiated with member states aimed to prevent nuclear fissile material being diverted to the development of nuclear weapons. At an emergency meeting of the board of governors of the IAEA on 21 May an outline programme was drawn up (see pp 197-8) which included the establishment of expert groups to draft two binding international conventions. At a meeting in Vienna between 21 July and 15 August a group of governmental experts convened to draft the conventions; experts from 62 member states and representatives of ten international organisations participated in the meeting. The conventions were adopted by consensus at a special session of the IAEA's general conference, held in Vienna from 24 to 26 September and attended by delegates from 94 states and 27 national or international organisations.

Conventions

The Convention on Early Notification of a Nuclear Accident would apply in the event of an accident involving the release of radioactive material which could affect another country. It covers various civil nuclear facilities including nuclear power stations; radioactive waste management facilities; the transport and storage of nuclear fuels or radioactive wastes; the production, use, storage, disposal and transport of radioisotopes for a range of purposes; and the use of radioisotopes for power generation in spacecraft or space platforms. In the event of a nuclear accident a country would be obliged to notify the IAEA and neighbouring states, either directly or through the IAEA. The Convention on Assistance in the Case of a Nuclear Accident or Radiological Emergency provides for co-operation between participating states and with the IAEA to facilitate prompt assistance in the event of an accident or emergency; to minimise the consequences; and to protect life, property and the environment from the effects of radioactive releases.

The conventions were signed by 50 states including Britain and the other European Community countries (with the exception of Luxembourg); in many cases the signatures require ratification or other approval by governments. They are due to come into operation 30 days after consent to be bound has been expressed by three states; this has already happened for the convention governing early notification, which will enter into force on 27 October.

Secretary of State's Speech

Addressing the special session, Mr Walker stressed the important contribution of nuclear energy. He said that one-third of the European Community's electricity was generated by nuclear power, while the Soviet Union, the United States and many other major countries depended on nuclear power as a major contributor to existing energy supplies. If this source were abandoned, 'the pressures upon other energy sources would be such as to cause considerable economic upheaval'. Nuclear power had 'considerable attractions in terms of efficiency and in terms of environmental considerations', the one question mark being 'whether or not the world can use the benefits of nuclear power with confidence as to its safety'. The accident at Chernobyl illustrated that any major accident would have an international impact and not be confined to one country, and made it clear that the IAEA had to produce the agreements and the international collaboration 'which would guarantee that the world could reap the benefits of nuclear power in safety'. Prospects of achieving that aim had been considerably enhanced by the manner in which the Soviet Union had provided an objective analysis of the accident including the mistakes that had been made.

Mr Walker said that the widespread impact of Chernobyl demonstrated clearly that the IAEA was the agency where action should take place to establish a regime for broader international collaboration on safety. He wished to commit the British Government to its 'fullest support of the Agency in its work'. Britain would sign the conventions and, although ratification would be needed in the normal way, in the meantime it would apply both conventions with immediate effect. The Government would also voluntarily inform the IAEA and any states affected of any other serious nuclear accident involving Britain's military facilities or equipment.[1] The Government was anxious to see a general system of compensation in respect of nuclear accidents and 'would support a binding international regime to provide that compensation'.

Mr Walker then put forward to the session five essential proposals that the Government hoped could be implemented:

1 The IAEA had to see that there was throughout the world an effective and complete international warning system for any accident.

2 There had to be a system involving 'the widest exchange of experience' in areas such as operator training, protective systems against operator error, and methods for preventing and detecting radioactive releases.

[1]Delegates from four other states – the People's Republic of China, France, the Soviet Union and the United States – also undertook in the course of discussion of the draft conventions that they would notify other states if an accident were to occur involving the military use of nuclear energy.

3 The IAEA had to look closely at all existing national regulatory regimes, thus enabling it to see where the arrangements of one regulatory authority that had benefit could be applied elsewhere. It would then be able to co-ordinate a review of international regulatory systems with the aim of developing a constructive exchange as to how the systems could reach the highest possible standards – Britain would welcome such a role for the IAEA.

4 The IAEA had to develop the skill and expertise so that it could examine the quality of nuclear inspectorates. He noted that it was not possible to organise an international inspectorate owing to the diverse forms of reactors, problems of language and the importance of a nuclear inspectorate being constantly close to the facilities it inspected. However, the IAEA could organise the expertise to provide national inspectorates with suggestions and advice which could improve their performance.

5 He stressed the need to support the convention governing assistance in the event of a nuclear accident. He knew that the Soviet authorities had benefited from some international help following the accident at Chernobyl and he believed that the IAEA had to implement a system 'in which international help would be immediate and effective'.

Mr Walker said that the conditions had to be provided for future generations in which they could enjoy a form of energy that was safe, 'of immense economic benefit and . . . environmentally more benign than any other form of energy known to man'. 'Real and important progress' had to be made, so that the IAEA was operating 'a system of international safety in which the world has confidence and trust'.

Managing Waste

The Government's response to the eleventh report of the Royal Commission on Environmental Pollution, covering the problem of pollution by wastes and discussing the best practicable environmental options for handling and disposing of wastes (see pp 15-20), was published on 16 September.[1] The response confirms the Government's commitment to improving standards of waste management and accepts many of the Commission's recommendations.

Welcoming the Commission's 'thorough review' of waste management as a 'timely reminder that, although requiring the application of technical skills and expertise, waste disposal remains the responsibility of the waste producer', the Government notes that the waste management industry in Britain, with a turnover of some £5,000 million a year and the additional revenue from materials reclamation and recycling, is of real economic significance and has far-reaching implications for public health and the environment. A wide range of government departments participate in pollution control, and the Control of Pollution Act 1974 (which established the present system of controlled wastes) has, in the Government's view, shown itself to be basically sound, although it agrees with the Commission that experience gained in operating the Act has pointed to shortcomings in the legislation, in its administration and enforcement, and in attitudes towards waste disposal in parts of industry which produce and manage waste. Accepting the Commission's recommendations on changes to the Act, the Government notes that, shortly after publication of the eleventh report, it announced its intention to improve the Act in order to increase security of the waste stream; other measures are also in hand which should assist waste disposal authorities to standardise and improve controls over the movement and disposal of wastes.

The Government endorses the report's main theme, that 'all members of the community have a duty of care towards the waste material that their activities generate', and agrees that this entails 'ensuring the integrity of the waste stream on its journey from producer to disposer and beyond this to its safe containment or dispersal over time'. Recognising that this duty of care extends to the wider international environment, Britain plays an active role in international developments in waste management, particularly in the European Community and in the Organisation for Economic Co-operation and Development.

While not always agreeing with the details of the Commission's proposals, the Government does in general agree with the principles of the recommendations and with the rationale underlying them. On this basis it characterises the report as a 'welcome addition to the reports which have influenced the Government's thinking in recent years'.

Giving Waste Value

Like the Royal Commission, the Government believes that not all forms of recycling merit uncritical support, since the economics of the reclamation industry often involve a fine balance between availability of waste materials, costs of sorting and treating, markets for recycled products and the prices of the raw material. Nevertheless, the Government acknowledges that there is some lack of awareness in industry and commerce of the opportunities which exist for recycling and hopes to increase this awareness. Initiatives to this end include the establishment at the Warren Spring Laboratory of a Recycling Advisory Unit, which aims to assist recycling by providing technical and economic information, and to promote technology transfer based on the Laboratory's research into recycling technology and the mechanical sorting of waste for production of waste-derived fuel. The Government is also keen to promote the exchange of information about industrial waste and is watching with interest recent initiatives to make information available.

The Government agrees that co-operation between the private sector and local authorities is often crucial to the success of many recycling initiatives – the provision of bottle banks, for instance. In addition, it encourages realistic proposals for development of new technology for recycling – in 1985-86 it spent £3·5 million on a variety of projects. Support for the development of new technology is available through the

[1] *Managing Waste: The Duty of Care. The Government's Response to the Eleventh Report of the Royal Commission on Environmental Pollution.* Pollution Paper No 24. HMSO, £4·10. ISBN 0 11 751899 9.

Department of Trade and Industry's Support for Innovation Scheme, the Department of Energy's Energy Efficiency Demonstration Scheme and other research funding. A guide to assistance for recycling projects is in preparation.

Noting that considerable advances have been made in the development of the technology for obtaining energy from waste, the Government endorses the Commission's view that until more is known about emissions from combustion of waste-derived fuel, it should be burnt only in units where good control can achieve high temperatures, with good oxygen mixing and with sufficient residence times. The nine waste-derived fuel production plants now in operation are being closely monitored (four more are planned), emissions from waste-derived fuel combustion are being studied by the Warren Spring Laboratory and the Atomic Energy Research Establishment at Harwell, and other aspects of its use, such as handling, storage and the potential environmental and health implications, are also under investigation. Government interest is being co-ordinated by an interdepartmental working group which will produce guidelines for local authorities and for industry.

Research is also being undertaken into the nature of emissions from waste oil burning, already a well-established practice. The Government considers that there is no evidence that the practice in Britain has led to damaging concentrations of heavy metals or other pollutants in the atmosphere, and that in suitable circumstances combustion is an appropriate environmental option for disposal – a view shared by the House of Lords Select Committee on the European Communities.

Litter

Like the Royal Commission, the Government is anxious to see improved methods of waste collection which will reduce costs and increase the security of the waste load. It already gives full support to initiatives such as the Keep Britain Tidy Group's Community Environment Programme, which provides a comprehensive litter abatement programme for local authorities, and will assist these authorities to implement this and other local initiatives under the recently announced UK 2000 environmental improvement scheme (see p 280). Rejecting the Commission's call for a review of current policy on the provision of roadside litter bins, the Government expresses the view that such litter bins seem to encourage the accumulation of litter in the vicinity and that the Department of Transport's new policy is proving successful in reducing the amount of litter and fly-tipping at sites. Discussions are, however, in progress between the Department and interested bodies on the provision of sponsored litter bags for car drivers, and the Government agrees that more could be done to encourage a responsible attitude to litter among the travelling public in public transport. With regard to the litter laws in general, the Government is considering whether tighter controls in keeping with the 'polluter pays' principle could be introduced on those whose activities give rise to recurrent litter. It notes, however, that additional general legislation on litter would be expensive to enforce and would remain ineffective without a change in public attitudes; its major efforts will be directed to bringing about this change.

Clinical Wastes

Noting the Commission's concern about standards of management and disposal, particularly for incineration, of clinical wastes in the National Health Service, the Government maintains that ample guidance is available on the handling and disposal of such waste, and says that further guidance in the form of a circular to health authorities is in preparation. Nevertheless, it shares the Commission's concern and expects the National Health Service to meet and maintain the standards required by the 1974 Act, the Clean Air Acts and supporting regulations. Responsibility for emissions from hospital chimneys will be considered as part of the review of air pollution control legislation being undertaken by the Department of the Environment and the Scottish and Welsh Offices.

Transport of Waste

Recognising the importance of preserving the integrity of the waste stream during transportation, the Government is extending the existing legislation controlling the movement of the more hazardous wastes both in Britain and overseas, the latter by way of the European Community's Transfrontier Shipment of Hazardous Waste Directive which will shortly be implemented. The Government shares the Commission's concern at the continued occurrence of packages containing chemicals being washed up onto British shores, and has been engaged for several years in national and international efforts to alleviate the problem. It expects that there should be a significant improvement in the marking of dangerous packages reaching the shore, following the implementation in July 1986 of the amendments, largely resulting from British pressure, to the International Convention for the Safety of Life at Sea 1974. These require all packages to carry durable markings. In addition, the Government has now ratified Annexes III and V of the 1973 International Convention for the Prevention of Pollution from Ships (MARPOL Convention), dealing respectively with the prevention of pollution by packaged harmful substances and the disposal of certain categories of ship's refuse over board; it is still considering the position regarding Annex IV which deals with the discharge of sewage from ships. A new training course at the College of Maritime Studies has recently been approved for employees involved in the handling, stowage and transport of dangerous goods.

Options for Disposal

Discussing the Commission's recommendations for more safeguards in the planning, licensing and operation of landfill sites and for the examination of alternative disposal methods, the Government expresses its firm commitment to the principle of Best Practicable Environmental Option (BPEO) of waste disposal as developed by the Royal Commission in previous reports in regard to pollution control. The management of landfill sites is the subject of a Department of the Environment waste management paper issued in August 1986, the central theme of which is the need for landfill operators to anticipate any environmental or health problems which could arise and to take the necessary preventative measures. A particular hazard arises from the by-products of landfill, such as leachate and landfill (methane) gas, which should be regularly monitored, and the Government is anxious that all possible uses of landfill gas for energy should be

investigated. This use is already being demonstrated in the Department of Energy's research and development programme and the Energy Efficiency Demonstration Scheme, while research into the long-term effects of co-disposal of different wastes is continuing.

Noting the Commission's concern about standards for the operation of incineration plants, the Government agrees that further guidance on incineration would be useful and is closely watching merchant incineration capacity, which the Commission feared might be inadequate; it also agrees that incineration at sea is an acceptable route for disposal of some difficult waste and can be the BPEO for the disposal of some liquid wastes. The Government accepts the need to strengthen the arrangements for the investigation of clusters of illness near installations which could emit potentially toxic substances.

The Government is very much aware of the problems caused by careless or inconsiderate straw-burning and in 1985 it improved the model bye-laws on straw- and stubble-burning. Nevertheless, as indicated in its response to the Royal Commission's tenth report (see p 22, 1985) it considers that it would be wrong, and contrary to the BPEO, to give a firm commitment to introduce a ban on straw-burning until realistic alternatives are clearly available. To this end it is spending £2 million each year on research into alternatives. Firms undertaking such developments may qualify for grant aid under the Department of Trade and Industry's Support for Innovation Scheme, while the Agricultural Improvement Scheme gives grants towards the supply and installation of straw-burning boilers and furnaces.

With regard to the Commission's renewed call for the elimination of sewage discharges to be achieved to an agreed timetable, the Government remains of the view that, while the elimination of discharges of crude sewage is an important objective, it doubts the advantage of setting a target date. Priority should instead be given to 'realistic and clear programmes to deal first with those unsatisfactory outlets which affect areas of amenity or environmental significance'. New outfalls, it stresses, are generally designed to ensure that any bathing waters likely to be affected by the discharge will conform to the bacteriological quality standards set in the European Community Directive on Bathing Water.

Waste Management, Administration and Planning

It is the Government's firm intention to improve standards of operation in waste management. In response to the Royal Commission's recommendations that various amendments should be made with regard to the Control of Pollution Act, relating to waste management by producers, transporters and disposers of waste, the Government recalls that in December 1985 it announced proposals to strengthen the legislative and administrative framework for waste management. In the main these proposals corresponded closely with the Commission's recommendations. Waste producers would be required to take all reasonable steps to secure satisfactory disposal of their waste – a code of practice would assist them to fulfil their duty – and the activities of all waste transporters would be subject to more rigorous scrutiny. Security at disposal sites would be enhanced, disposal licensing regulations would be amended to provide more safeguards, and there would be provision for waste disposal authorities to make charges on the 'polluter pays' principle to cover the reasonable costs of disposal licensing and site monitoring.

The Government agrees with the Commission's recommendation that in sentencing offenders under environmental legislation magistrates should have regard to the serious and possibly long-term damage to the environment that can be caused by improper handling and disposal of waste, and it expresses its intention to take every opportunity to remind magistrates that penalties should reflect the environmental implications of the offence.

At the time of preparing its response to the report, the Government was considering the Commission's recommendation concerning the bringing together of all pollution inspectorates into a unified pollution inspectorate within the Department of the Environment. A proposal to create such an inspectorate was announced in August and the inspectorate, to be known as the Inspectorate of Pollution (see pp 300-1), will come into being on 1 April 1987.

Shorter Notes

UNITARY TAXATION

The Government has welcomed the passage of legislation in California on 5 September limiting the use of unitary taxation (see pp 296-7, 1985). Companies operating in that state may now choose not to have their Californian tax assessment calculated on the unitary basis. However, those so choosing will have to pay an election fee of 0·03 per cent of their sales, payroll and property in California. The state tax authorities retain powers to impose unitary taxation in certain circumstances.

The legislation is seen as a major step towards the complete withdrawal of unitary taxation in the United States, which the British Government and representatives of British industry have been seeking for some time. California's legislation is particularly significant in view of the size of the state's economy and its importance for British overseas investment.

The Government, which has reservations about some aspects of the legislation, will continue to look for a comprehensive solution to the problem. It is also discussing with the United States authorities the future of the Unitary Tax Bill now before Congress and the prospects for amendment to the double taxation convention between the two countries.

Source: HM Treasury press notice, 5.9.86.

REGULATION OF LONDON SECURITIES MARKETS

In September the Council of the Stock Exchange and the International Securities Regulatory Organisation (the body representing major international securities firms in London) reached agreement in principle to

merge. Within the new regulatory framework proposed in the Financial Services Bill (see pp 51-4), they will form a single self-regulatory organisation (SRO) to cover the dealings in stocks and shares of all their members. The new SRO will be known as The Securities Association. The two bodies also agreed to form a single 'recognised investment exchange', under the proposed legislation, to concentrate in one market place transactions in domestic and international equities traded in London. The new exchange, membership of which will be open to both British and foreign securities firms, will be officially named the International Stock Exchange of the United Kingdom and the Republic of Ireland, but will continue in practice to be known as the Stock Exchange. The exchange will not cover eurobond trading, however, for which a separate recognised investment exchange is expected to be set up by the Association of International Bond Dealers.

Under the terms of the agreement, which is subject to approval by the memberships of both bodies, the SRO and the recognised investment exchange will have a single administration but separate ruling councils.

Source: Stock Exchange Information Bulletin, 19.9.86.

UNITED KINGDOM-UNITED STATES AGREEMENT ON SECURITIES MARKETS

Britain and the United States have signed a memorandum of understanding designed to provide a framework for the confidential exchange of information between their regulatory authorities in the field of securities and futures markets. This will enable each regulatory regime to assist the other in securing compliance with its legal rules and requirements, particularly those concerned with insider dealing, misrepresentation (including fraud) in the course of dealing and market manipulation in listed and quoted securities and futures, and the regulation of securities and futures business.

At a press conference on 23 September the Secretary of State for Trade and Industry, Mr Paul Channon, said that the agreement, the first of its kind between the two countries, would help 'protect the integrity and regulation of all our markets and give further confidence to investors at home and abroad to deal on them'. It would also help both regulatory regimes to monitor the financial health of the modern international financial conglomerates which handle investors' savings.

The memorandum, which entered into force on signature, is an interim arrangement pending the coming into force of the Financial Services Bill (see pp 51-4), expected in 1987, when the arrangements may require revision. Negotiations on the terms of a treaty covering these matters are expected to begin within the next year.

Source: Department of Trade and Industry press notice, 23.9.86.

RETAIL PRICES INDEX

The Government is to accept all the recommendations in the report of the Retail Prices Index Advisory Committee published on 15 July; the changes will start to take effect from the beginning of 1987. The Committee is convened from time to time to advise the Secretary of State for Employment on the methodology used to compile the retail prices index (RPI), which is the principal measure of inflation for consumers in Britain.

The Committee made three main recommendations. First, it suggested a change in the reference date, to which the price level in each subsequent month is related, from January 1974 to January 1987. Secondly, it recommended that owner-occupiers' housing costs should continue to be measured by mortgage interest payments. It recognised that this procedure could be criticised on several grounds – for example, these payments indicate the value of a house as an investment as well as a place of shelter – but concluded that no practicable alternative was any more acceptable. Thirdly, it said that, in cases where selected consumers benefited from subsidies financed not by the seller but by a third party (normally the State), such benefits should be regarded as income transfers rather than price reductions and therefore not taken into account in the RPI. Examples are free school meals and prescriptions.

The Committee also recommended a number of other changes. These included: the continued exclusion of households with the highest incomes (roughly the top 4 per cent), but with these being identified by reference to the income of the whole household rather than that of the household head as at present; the publication of occasional analyses showing the differential impact of price changes on particular types of household; extension of the RPI to include holiday expenditure, various fees and subscriptions and the prices of financial services (but not the cost of credit); for some goods and services, a widening of the range of individual items (for example, more seasonal fruits and vegetables); and the development of new methods to allow for quality differences between articles.

Sources: *Methodological Issues affecting the Retail Prices Index*. Department of Employment. Cmnd 9848. HMSO, £6·50. ISBN 0 10 198480 4; 'Forthcoming changes to the Retail Prices Index', *Employment Gazette*, September 1986, pp 373-9.

BRITISH AIRWAYS

The Government's decision to privatise British Airways early in 1987 was announced by the Secretary of State for Transport, Mr John Moore, on 11 September. Although British Airways ceased to be a statutory body in 1984 (see p 26, 1984), when it was re-established under the Civil Aviation Act 1980 (see pp 382-3, 1979) as a a public limited company under government ownership, plans for privatisation had had

to be deferred because of various uncertainties. These included uncertainties caused by the negotiations on the renewal of the air services agreement between Britain and the United States and by the application of the latter's anti-trust legislation to international civil aviation (in the particular context of litigation arising out of the collapse of Laker Airways in 1982). Mr Moore said that the major uncertainties caused by the negotiations on the air services agreement had now been resolved. 'Satisfactory and more liberal arrangements for determining the frequencies to be operated by the airlines of both countries' had been negotiated with the United States Government and he was also satisfied that anti-trust issues need not delay the flotation. The way was 'now clear for a successful flotation of British Airways'.

British Airways is one of the world's leading airlines and its route network, covering some 520,900 km (323,700 miles) of unduplicated scheduled route, is among the largest in the world. Turnover totalled £3,149 million in 1985-86, of which £2,981 million was derived from airline operations, £120 million from inclusive tour holidays and £48 million from helicopter operations[1] and other activities. Pre-tax profits amounted to £183 million, compared with £168 million in 1984-85.

The airline serves 145 destinations in 72 countries and in 1985-86 carried some 19·7 million passengers (of whom 17 million were on scheduled services) and handled some 274,000 tonnes of cargo on scheduled services. International scheduled services are operated to the rest of Europe, the Middle East, the Far East, Australasia, East and South Africa, North America, South America and the Caribbean. Within Britain the airline runs some 1,350 services a week to 14 towns and cities.

Sources: Department of Transport press notice, 11.9.86; and *British Airways Plc Report and Accounts 1985-86*.

ACID RAIN

New measures to tackle the problem of acid rain were announced by the Secretary of State for the Environment, Mr Nicholas Ridley, on 11 September. Following a recommendation by the Central Electricity Generating Board (CEGB), the Government has authorised the Board to retrofit 6,000 megawatts of existing generating capacity with flue gas desulphurisation equipment over the period 1988 to 1997. Retrofitting will be carried out at three major power stations, selected to maximise the advantage to be derived from rerouting higher sulphur coals and starting with the recently completed extension to the Drax power station (the largest coal-fired power station in western Europe). The Government will also require future coal-fired power stations to be fitted with the same equipment or with whatever better technology will meet the requirements of the Industrial Air Pollution Inspectorate at the time.

The CEGB's recommendation was based on an assessment of new research on the effects of sulphur emissions on Scandinavian lakes and soils, which the Board said had resolved many uncertainties. Its chairman, Lord Marshall, said that the presence of acidity in Scandinavian waters was the result of processes which had begun more than a century ago, and he pointed out that the contribution to the problem by emissions from British power stations was small, representing about 8·5 per cent of the annual rate of acid deposition in Norway. The Royal Society, the Swedish Royal Academy of Sciences and the Norwegian Academy of Science and Letters had been asked to carry out a research programme into surface water acidification and were due to produce their first report in the spring of 1987, when a final decision would be taken to commence installation of the new equipment.

Referring to the problem of acid rain during her visit to Norway in September, the Prime Minister, Mrs Margaret Thatcher, said that Britain had greatly reduced its emissions of sulphur dioxide – by over 40 per cent since 1970 – and its further aim was to achieve even greater long-term reductions. The effect of the new programme would be to reduce substantially sulphur dioxide emissions by Britain's power stations and to make a contribution to that further reduction in total European emissions which all countries concerned wanted to see.

Sources: Department of the Environment press notices, 11.9.86 and 19.9.86; CEGB press notice, 11.9.86.

LEAD IN FISHING WEIGHTS

The Government is to ban the sale and use of most lead weights for angling (responsible for swan deaths by poisoning through ingestion) from 1 January 1987. The new laws will make it an offence to import or supply all lead weights for angling of less than 28·35 grams (equivalent to 1oz) except the smallest shot, 'dust shot' up to and including 0·06 grams, and some items of fishing equipment which contain lead but clearly do not cause swan deaths. A ban on the use of lead weights in Royal Parks has already been in operation for over a year.

In 1985 the Government announced its intention to introduce regulations if voluntary action failed, following evidence from the Nature Conservancy Council that more than 3,000 swans were dying each year of lead poisoning from anglers' lead weights (see p 278, 1985). Just before the summer of 1986 the Council advised the Government that voluntary efforts by anglers to switch from lead weights to non-toxic alternatives by the end of the 1985-86 fishing season had not been enough.

[1]British Airways sold its helicopter subsidiary, British Airways Helicopters Ltd, in September 1986 to SDR Helicopters, a company jointly owned by Scottish Daily Record and Sunday Mail Ltd (a subsidiary of Mirror Group Newspapers Ltd) and by the Mirror Group's proprietor, Mr Robert Maxwell.

Announcing the ban, the Minister for Environment, Countryside and Planning, Mr William Waldegrave, said that although many anglers had switched to the non-toxic alternatives, which had been endorsed by national angling bodies and been demonstrated to be just as effective as lead, it was not fair that other anglers were continuing to use lead. A ban was the clearest solution if thousands of swans were not to die unnecessarily each year. He was now looking to the water authorities to introduce complementary bye-laws which would ban the use of a similar range of lead weights.

Source: Department of the Environment press notice, 2.10.86.

SOCIAL AND CULTURAL AFFAIRS

Action against Drug Misuse

Record seizures of controlled drugs in 1985, the implementation of the first stages of the Drug Trafficking Offences Act 1986 and assistance to South American countries to combat the cocaine trade are among recent developments in the Government's strategy against drug misuse.

Speaking at the British Pharmaceutical Conference in Jersey on 25 September Mr David Mellor, Minister of State at the Home Office, said that the Government's strategy against drugs was beginning to have results in terms of a higher level of international co-operation, greater awareness among the general public, particularly the young, of the dangers of drug misuse, better services for drug misusers, more effective co-operation among providers of services and more community action. In particular the record seizures of controlled drugs in 1985 reflected the substantial increases over the last two years in the resources allocated to the police and Customs for drugs work and the improvement of their intelligence capacity. Referring to the publicity campaign against heroin (see p 85, 1985) Mr Mellor said that independent evaluation had confirmed that awareness of the campaign had risen to 98 per cent of teenagers interviewed; the percentage of young people saying that they would reject an offer of heroin had increased from 83 per cent at the campaign's outset to 94 per cent after the first year.

Statistics on Drugs Misuse

Statistics published on 25 September (*Statistics on the Misuse of Drugs in the United Kingdom 1985.* Home Office Statistical Bulletin 28/86) show that in 1985 there was a record number of seizures of controlled drugs – 30,466 compared with 28,560 in 1984. The quantities of heroin and cocaine seized were the highest recorded – 366 and 85 kilograms respectively. A total of 26,600 people were found guilty or cautioned for offences involving controlled drugs, also the highest number on record. Over 5,000 traffickers and suppliers were convicted in 1985 – 800 more than the previous year.

Drug Trafficking Offences Act 1986

Two new criminal offences contained in the Drug Trafficking Offences Act (see pp 69-71 and 251) take effect from 30 September and are considered to be important measures in the fight against trafficking. The first – assisting a drug trafficker to retain the benefit of his proceeds – is designed to catch those who assist the trafficker by 'laundering' his proceeds and carries a maximum of 14 years imprisonment. The new offence will be regarded as a drug trafficking offence and those convicted will be subject to confiscation procedures provided by the Act. The second offence – supplying cocaine kits or other drugs accessories – is punishable by a maximum of 6 months imprisonment and is intended to stop the sale of such material in shops.

Also coming into force on 30 September is the provision which ensures that banks and other financial institutions will be exempt from liability for breach of contract if they reveal their suspicions that funds or investments may be connected with drug trafficking. Similar protection will be given to any other persons such as auditors, accountants or employees who might volunteer information.

In general the Act applies only to England and Wales, but similar legislation is to be introduced for Scotland and Northern Ireland. The new offence of supplying drugs accessories applies throughout the United Kingdom. It is anticipated that the Act's new powers to investigate the financial dealings of drug traffickers will be brought into force later this year and the remaining provisions around the New Year.

Assistance to South American Countries

The Government attaches great importance to international co-operation to reduce the supply of drugs from abroad and in September Mr Mellor visited South America to study the cocaine trade there. After visiting Bolivia, Peru and Ecuador he announced how funds from the £1·5 million designated for combating drug-related activities in South America and the Caribbean would be allocated to these countries.

In Bolivia £600,000 will be provided to assist the police authorities with equipment and training; this contribution will be channelled through the United Nations Fund for Drug Abuse Control (UNFDAC). Assistance to Peru will take the form of reconditioning one light aircraft and supplying a second, as well as training senior officers in drugs intelligence work. In Ecuador a contribution of £200,000 will be made to law enforcement under UNFDAC's programme in that country. Two Land Rovers have been made available

and assistance has been offered in training medical and technical experts and for training in the use of sniffer dogs.

In addition to these resources scientific and forensic equipment is being made available to Colombia.

Shorter Note

URBAN DEVELOPMENT CORPORATIONS

The Government's decision to set up four new urban development corporations over the years 1987-88 was announced by the Secretary of State for the Environment, Mr Nicholas Ridley, on 8 October. They will be in Trafford Park, in Greater Manchester, which has lost much of its manufacturing industry over the past 30 years; on Teesside, where the closure of chemical, steel and shipbuilding works has left the largest continuous area of de-industrialised land in Europe, and in Tyne and Wear, which has a number of major sites previously used largely for shipbuilding – both in the north-east; and in the Black Country in the West Midlands, where more than 2,830 hectares (7,000 acres) of derelict or disused land lie within the four boroughs of Dudley, Sandwell, Walsall and Wolverhampton. A detailed study of the development potential of Trafford Park has already been completed and similar studies will be carried out for the remaining three areas.

The Local Government Planning and Land Act 1980 empowers the Secretary of State to make orders designating urban development areas and setting up urban development corporations to secure the regeneration of these areas as part of the Government's attack on industrial dereliction. Under the Act, a corporation has general powers to acquire, hold, manage, reclaim and dispose of land, to carry out building and other operations, and to support the provision of roads and other infrastructure. Two corporations already exist: the London Docklands Development Corporation and the Merseyside Development Corporation, both set up in 1981.[1] Each of the new ones could spend between £100 million and £160 million over six or seven years on paving the way for subsequent development by the private sector for industry or housing.

Source: Department of the Environment press notice, 8.10.86.

[1]For further details see COI reference paper *Industrial Regeneration in Britain's Cities*, No 263/86.

DOCUMENTATION

Government and Administration

The Monarchy. COI, No 68/86. (Arabic version also available. French and Spanish versions in preparation.)

United Kingdom Government Ministers. COI, No 61/86/3.

Citizenship Statistics, United Kingdom 1985. Home Office Statistical Bulletin 26/86. In 1985, 54,000 people were granted citizenship in the United Kingdom, 27,000 on the basis of residence in the United Kingdom and 15,000 because of marriage to a British citizen. A total of 27,800 were citizens of Commonwealth countries and 22,600 of foreign, the largest groups coming from Pakistan 6,900, India 5,900, Jamaica 5,900, Bangladesh 2,970 and South Africa 2,300. £2·50. ISSN 0143 6384.

Lord Chancellor's Department. Civil Justice Review Consultation Paper: Small Claims. Puts forward for public discussion a number of proposals for improving the small claims system. Available from the Lord Chancellor's Department, Room 604, Neville House, Page Street, London SW1P 4LS. £1.

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Crime Prevention: The Community Programme: A Practical Guide. Describes some of the projects carried out under the crime prevention and community programme initiative launched by the Home Office, the Department of Employment and the Manpower Services Commission in 1985 to create opportunities for long-term unemployed people to work on local crime problems. Available unpriced from the Home Office Crime Prevention Unit, Queen Anne's Gate, London SW1H 9AT.

Fire Statistics United Kingdom 1984. Comprehensive fire statistics published by the Home Office give a statistical picture of fires attended by local authority brigades during 1984 as well as of trends over the period 1974-84. Available unpriced from the Home Office Statistical Department, 50 Queen Anne's Gate, London SW1H 9AT. ISBN 0 86252 296 X.

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Britain in the European Community. COI, 73/86.

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National Economic Development Council Annual Report 1985-1986. Available from HMSO, £3. ISBN 0 7292 0827 3.

Britain's Balance of Payments in 1985. (Reproduced from *Survey of Current Affairs.*) COI, No 287/86.

Inland Revenue Statistics 1986. Board of Inland Revenue. HMSO, £10·50. ISBN 0 11 641361 1.

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Road Accidents Great Britain 1985: The Casualty Report. Department of Transport. HMSO, £7·20. ISBN 0 11 550752 3.

Autoguide: A better way to go? A discussion document produced by the Department of Transport containing proposals for a computerised in-car electronic route guidance system, known as 'Autoguide' and developed by the Transport and Road Research Laboratory. The Laboratory has estimated that Autoguide could help drivers reduce average journey times by around 10 per cent and could result in savings in

fuel, time and accidents worth over £100 million a year. Available unpriced from the Department of Transport, 2 Marsham Street, London SW1P 3EB.

Railway Safety: Report on the Safety Record of the Railways in Great Britain during 1985. Department of Transport. HMSO, £5·30. ISBN 0 11 550754 X.

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Social and Cultural Affairs

Census Guide 4 – Britain's Households. Available from Office of Population Censuses and Surveys Information Branch, St Catherine's House, 10 Kingsway, London WC2B 6JP. £3. ISBN 0 904952 27 4.

Statistics of the Misuse of Drugs in the United Kingdom, 1985 (see p 336). Home Office Statistical Bulletin 28/86. £2·50. ISSN 0143 6384.

Achievement in Primary Schools. Third Report from the House of Commons Education, Science and Arts Committee, Session 1985-86.

Vol 1. Report. HMSO, £11·60. ISBN 0 10 011163 3.

Vol 2. Minutes of Evidence and Appendices. HMSO, £18·40. ISBN 0 10 011175 0.

Two other volumes were published earlier of evidence taken in Sessions 1983-84 and 1984-85. They are:

Minutes of Evidence. HMSO, £16·90. ISBN 0 10 204885 1.

Appendices to Minutes of Evidence. HMSO, £9·60. ISBN 0 10 227986 1.

Education in the Federal Republic of Germany. Aspects of curriculum and assessment. An HMI Report. Department of Education and Science. HMSO, £2·50. ISBN 0 11 270594 4.

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Nature Conservancy Council. Report and Account for Year to March 31 1986. HMSO, £3·20. ISBN 0 10 256586 4.

Partnership: Making Arts Money work harder. Argues that a small increase in new investment in the arts by central government would stimulate greater support from other national agencies and private sources. This would allow further growth in what is already a vigorous new sector of the economy, creating new jobs and benefiting education, broadcasting and tourism. Available unpriced from the Arts Council, 105 Piccadilly, London W1V 0AU. ISBN 0 7287 0506 0.

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